

# MISSISSIPPI

## Single Audit Report

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For the Year Ended June 30, 1998



The Mississippi Comprehensive Annual Financial Report

for the fiscal year ended June 30, 1998

has been issued as a separate document.

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**OFFICE OF THE STATE AUDITOR**  
**PHIL BRYANT, AUDITOR**

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*The Office of the State Auditor does not discriminate on the basis of race, religion, national origin, sex, age or disability.*



# State of Mississippi

## OFFICE OF THE STATE AUDITOR

PHIL BRYANT  
AUDITOR

June 1, 1999

The Governor, Members of the Legislature  
and Citizens of the State of Mississippi

I am pleased to submit the *Single Audit Report* of the State of Mississippi for the fiscal year ended June 30, 1998. Our audit was conducted in accordance with the requirements of the Single Audit Act Amendments of 1996, the provisions of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the State of Mississippi's audit requirements.

The Single Audit process requires the coordination and cooperation of many state government entities. We are particularly grateful for the efforts of the Mississippi Department of Finance and Administration in compiling data, other state agencies in assisting in the resolution of single audit issues and the efforts of our own outstanding staff.

I am also pleased to report the Government Finance Officers Association of the United States and Canada has awarded its Certificate of Achievement for Excellence in Financial Reporting to the Mississippi Department of Finance and Administration for the state's 1997 *Comprehensive Annual Financial Report (CAFR)*. This is a recognition that acknowledges for the eleventh consecutive year the diligent efforts of those responsible for the state's financial reporting function.

Lastly, a qualified opinion was rendered on the state's financial statements for fiscal year 1998 due to the Year 2000 issue. Governmental Accounting Standards Board Technical Bulletin 98-1, *Disclosures about Year 2000 Issues*, states the auditor should qualify the opinion if sufficient evidence does not exist to support the required disclosures under the technical bulletin. The State of Mississippi included such disclosures in its notes to the financial statements. However, insufficient audit evidence exists to support these disclosures, with respect to the year 2000 issue. Further, our audit procedures did not provide assurance that the State of Mississippi is or will be year 2000 ready, that the State of Mississippi's year 2000 remediation efforts will be successful in whole or in part, or that parties with which the State of Mississippi does business will be year 2000 ready.

The Governor, Members of the Legislature  
and Citizens of the State of Mississippi  
June 1, 1999  
Page 2

Mississippi's *Comprehensive Annual Financial Report* for fiscal year 1998 has been issued and is available by writing to the address below:

Mississippi Department of Finance and Administration  
Attention: Bureau of Financial Reporting  
P. O. Box 267  
Jackson, MS 39205

I continue to be encouraged and enthusiastic about the quality of our government's financial reporting. It is a fair and diligent reflection of the importance our state places on taxpayers' money, as well as the dedication of the state's employees and citizens who must safeguard it. We can all be proud that this report represents another one of the many things we do well in Mississippi.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Phil Bryant", with a large, sweeping flourish at the end.

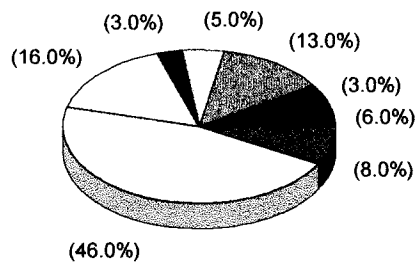
**PHIL BRYANT**  
State Auditor



# STATE OF MISSISSIPPI

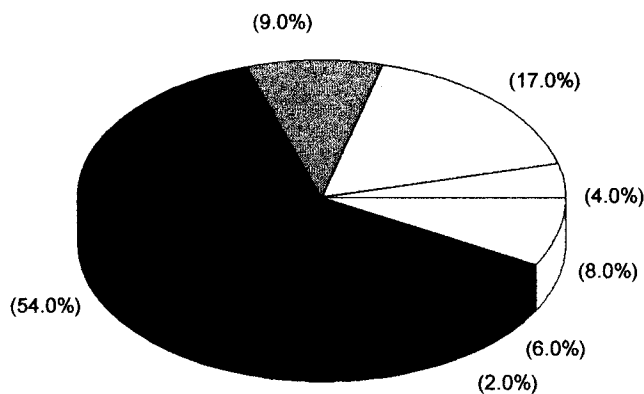
## Fiscal Year 1998

### Expenditures of Federal Awards by State Grantee Agency



- All Other
- Economic & Community Development
- ▨ Education
- Employment Security
- Health
- Human Services
- Medicaid
- Transportation

### Expenditures of Federal Awards by Federal Department

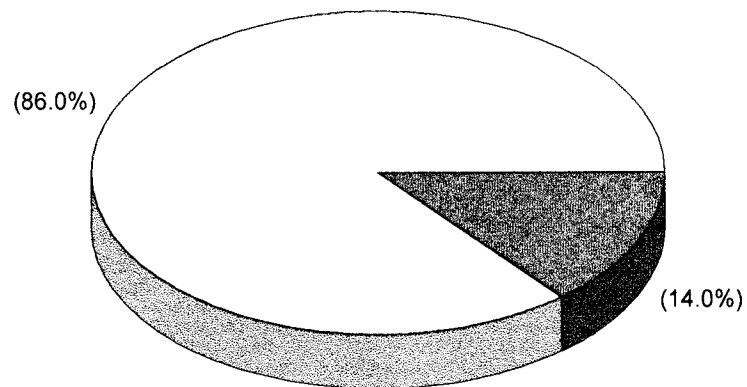


- All Other
- U.S. Dept. of Agriculture
- ▨ U.S. Dept. of Education
- U.S. Dept. of Health & Human Services
- U.S. Dept. of Housing & Urban Development
- U.S. Dept. of Labor
- U.S. Dept. of Transportation

# STATE OF MISSISSIPPI

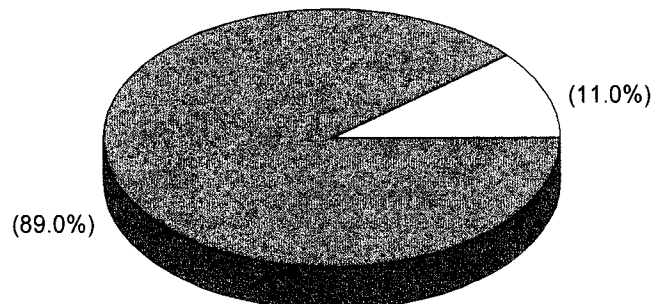
## Fiscal Year 1998

Percentage of Major Program Assistance  
Total Expenditures of Federal Awards \$2,885,546,668



□ Major Programs \$2,467,632,327 ■ Other Programs \$417,914,341

Percentage of Major Program Assistance  
268 Programs

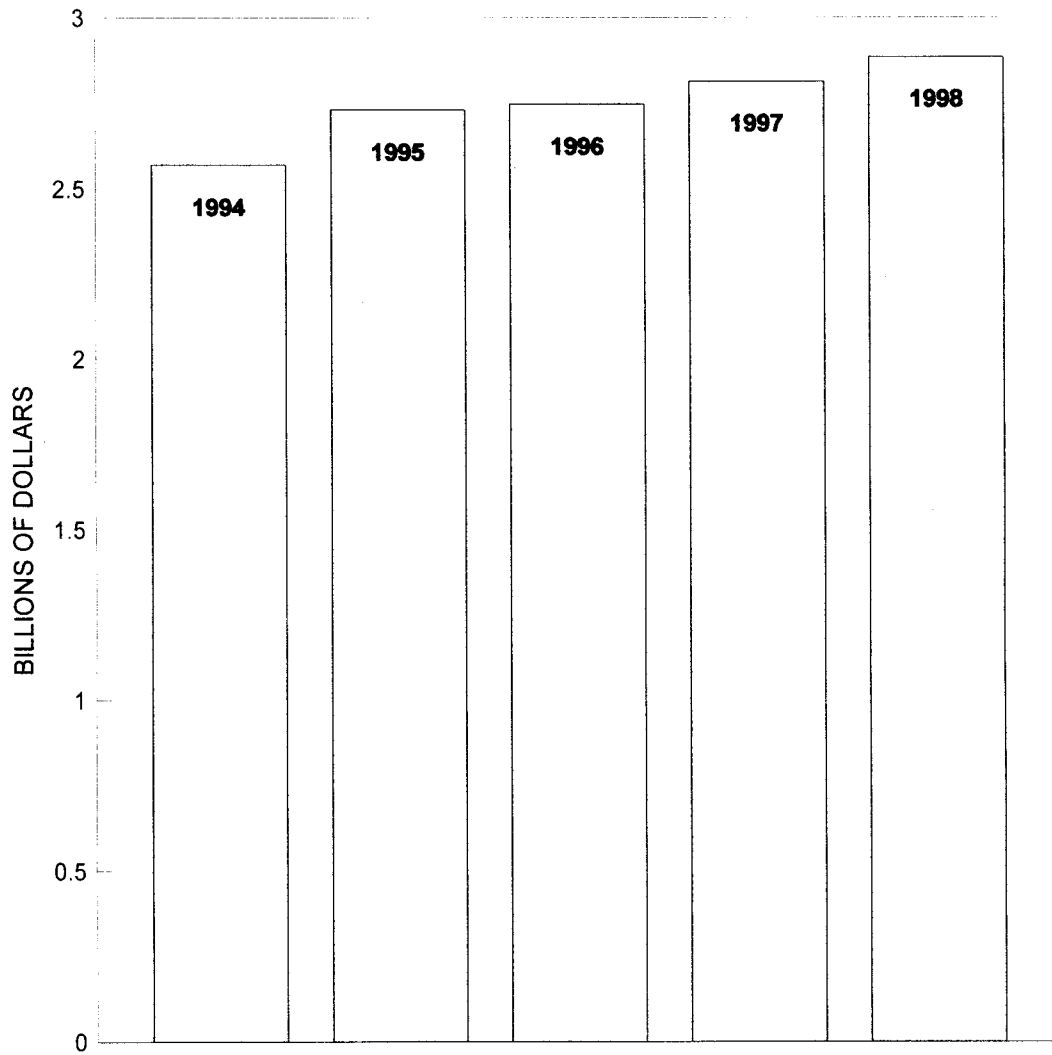


□ Major Programs 29 ■ Other Programs 239

# STATE OF MISSISSIPPI

## Total Federal Financial Assistance

Last Five Fiscal Years



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# STATE OF MISSISSIPPI

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For the Year Ended June 30, 1998

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**STATE OF MISSISSIPPI**  
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## I. AUDIT REPORTING









# State of Mississippi

## OFFICE OF THE STATE AUDITOR

PHIL BRYANT  
AUDITOR

### **REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

The Governor, Members of the Legislature  
and Citizens of the State of Mississippi

We have audited the general purpose financial statements of the State of Mississippi, as of and for the year ended June 30, 1998, and have issued our report thereon dated December 4, 1998, which was qualified because insufficient audit evidence exists to support the state's disclosures with respect to the year 2000 issue. Except for university funds, we did not audit the financial statements of the component units of the state. We also did not audit the financial statements of the pension trust funds and the related schedule of funding progress or certain expendable trust and enterprise funds. These financial statements, which represent 100% of the plan net assets and changes in plan net assets of the pension trust funds; 42% and 41% of the assets and revenues, respectively, of the expendable trust funds; and 46% and 59% of the assets and revenues, respectively, of the enterprise funds, were audited by other auditors whose reports have been furnished to us. This report, insofar as it relates to the amounts included for the component units other than university funds, pension trust funds and these expendable trust funds and enterprise funds, is based solely upon the reports of the other auditors.

Except as discussed in the preceding paragraph, we conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

#### Compliance

As part of obtaining reasonable assurance about whether the State of Mississippi's general purpose financial statements are free of material misstatement, we and other auditors performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

Report on Compliance and on Internal Control over  
Financial Reporting Based on an Audit of Financial  
Statements Performed in Accordance with  
*Government Auditing Standards*  
Page 2

Except for university funds, we did not perform tests of compliance with laws, regulations, contracts and grants for the component units of the state. We also did not perform such tests of compliance for the pension trust funds and certain expendable trust and enterprise funds. Those tests were performed by other auditors, whose reports on compliance with laws and regulations in accordance with *Government Auditing Standards* were furnished to us, and this report, insofar as it relates to the component units other than university funds, pension trust funds, and certain expendable trust and enterprise funds, was based solely on the reports of the other auditors.

The results of our tests and the reports of other auditors disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we and the other auditors noted certain immaterial instances of noncompliance, which we have reported to management of the State of Mississippi in separate communications.

Internal Control Over Financial Reporting

In planning and performing our audit, we and other auditors considered the State of Mississippi's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. The reports of the other auditors on internal controls in accordance with *Government Auditing Standards* were furnished to us, and our consideration of internal controls, insofar as it relates to component units other than university funds, pension trust funds and certain expendable trust and enterprise funds, was based solely on the reports of the other auditors. However, this report does not include reportable conditions, if any, for the university funds which will be presented in a separate report issued by the Office of the State Auditor.

We noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the State of Mississippi's ability to record, process, summarize and report financial data consistent with the assertions of management in the general purpose financial statements. Reportable conditions except for the university funds as explained in the previous paragraph, are described on pages 49 through 60 of the accompanying "Schedule of Findings and Questioned Costs: Part 2 - Financial Statement Findings."

Report on Compliance and on Internal Control over  
Financial Reporting Based on an Audit of Financial  
Statements Performed in Accordance with  
*Government Auditing Standards*  
Page 3

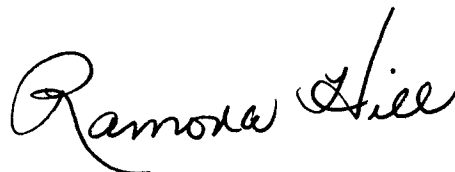
A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting, based on our audit and the reports of the other auditors, would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider items 98-01 (page 51), 98-08 (page 59), 98-09 (page 59) and 98-10 (page 60) to be material weaknesses.

We and the other auditors also noted other matters involving the internal control over financial reporting, which we have reported to management of the State of Mississippi in separate communications.

This report is intended solely for the information and use of management, the Governor, Members of the Legislature, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



**PHIL BRYANT**  
State Auditor



**RAMONA HILL, CPA**  
Director, Financial and Compliance  
Audit Division

Jackson, Mississippi  
December 4, 1998

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# State of Mississippi

OFFICE OF THE STATE AUDITOR

PHIL BRYANT  
AUDITOR

## **REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

The Governor, Members of Legislature  
and Citizens of the State of Mississippi

### Compliance

We have audited the compliance of the State of Mississippi with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 1998. The State of Mississippi's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the state's management. Our responsibility is to express an opinion on the State of Mississippi's compliance based on our audit.

Except as discussed in the following paragraph, we conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the State of Mississippi's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the State of Mississippi's compliance with those requirements.

The scope of this audit did not include testing transactions and records from the major federal programs of the public universities of Mississippi. The audit of these federal programs will be conducted in accordance with the provisions of OMB Circular A-133, and a separate report will be issued.

Report on Compliance with Requirements  
Applicable to Each Major Program and on  
Internal Control over Compliance in  
Accordance with OMB Circular A-133  
Page 2

In our opinion the State of Mississippi complied, in all material respects, with the requirements referred to in the first paragraph of this report that are applicable to each of its major federal programs for the year ended June 30, 1998. We did not test the transactions and records of the major federal programs administered by the state's public universities for compliance with the requirements referred to above to determine the effects of such noncompliance, if any. The results of our auditing procedures, however, disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying "Schedule of Findings and Questioned Costs: Part 3 - Federal Award Findings and Questioned Costs" as items 98-19 (page 91), 98-28 (page 77), 98-29 (page 78), 98-32 (page 81) and 98-36 (page 86).

In addition, we noted certain other immaterial instances of noncompliance, which we have reported to management of the State of Mississippi in separate communications.

Internal Control Over Compliance

The management of the State of Mississippi is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the State of Mississippi's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133, excluding the federal programs of the state's public universities as discussed in the third paragraph of this report.

We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgement, could adversely affect the State of Mississippi's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts and grants. Reportable conditions are described on pages 61 through 100 of the accompanying "Schedule of Findings and Questioned Costs: Part 3 - Federal Award Findings and Questioned Costs."

Report on Compliance with Requirements  
Applicable to Each Major Program and on  
Internal Control over Compliance in  
Accordance with OMB Circular A-133  
Page 3

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider item 98-15 (pages 63 and 75) to be a material weakness.

We also noted other matters involving internal control over compliance and its operation, which we have reported to management of the State of Mississippi in separate communications.

Schedule of Expenditures of Federal Awards

We have audited the general purpose financial statements of the State of Mississippi as of and for the year ended June 30, 1998, and have issued our report thereon dated December 4, 1998. Except for university funds, we did not audit the financial statements of the component units of the state. We did not audit the financial statements of the pension trust funds and the related schedule of funding progress and certain expendable trust and enterprise funds. Those financial statements, which represent 100% of the plan net assets and changes in plan net assets of the pension trust funds; 42% and 41% of the assets and revenues, respectively, of the expendable trust funds; and 46% and 59% of the assets and revenues, respectively, of the enterprise funds, were audited by other auditors whose reports have been furnished to us. Our opinion, insofar as it relates to the amounts included for the component units other than university funds, pension trust funds and these expendable trust funds and enterprise funds, is based solely upon the reports of the other auditors.

The State of Mississippi has excluded federal programs administered by public universities from the accompanying schedules of expenditures of federal awards, as more fully described in Note 2 to the schedules. The state's public universities will be audited in accordance with statutory requirements and the provisions of OMB Circular A-133, and a separate report will be issued.

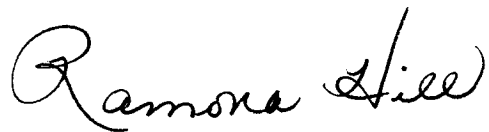
Report on Compliance with Requirements  
Applicable to Each Major Program and on  
Internal Control over Compliance in  
Accordance with OMB Circular A-133  
Page 4

Our audit and the audits of the other auditors were performed for the purpose of forming an opinion on the general purpose financial statements of the State of Mississippi and certain component units, pension trust funds and certain expendable trust and enterprise funds, respectively, taken as a whole. The accompanying Schedule of Expenditures of Federal Awards by Federal Department and the Schedule of Expenditures of Federal Awards by State Grantee Agency are presented for purposes of additional analysis as required by OMB Circular A-133 and are not a required part of the general purpose financial statements. The audit reports furnished by the other auditors indicated there were no federal financial assistance expenditures that should be included in the accompanying schedules. The information in the schedules of expenditures of federal awards has been subjected to the auditing procedures applied in the audit of the general purpose financial statements. In our opinion, based upon our audit and the audit reports of the other auditors, and except for the effect of the omission described in the preceding paragraph, and the effects of such adjustments, if any, as might have been determined to be necessary had we been able to examine evidence regarding year 2000 disclosures, the information in the schedules of expenditures of federal awards is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

This report is intended solely for the information and use of management, the Governor, Members of the Legislature, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



**PHIL BRYANT**  
State Auditor



**RAMONA HILL, CPA**  
Director, Financial and Compliance  
Audit Division

Jackson, Mississippi  
March 18, 1999, except for the Schedule of Expenditures of Federal Awards,  
as to which the date is December 4, 1998



**Schedule of Expenditures of Federal Awards  
by Federal Department**



# STATE OF MISSISSIPPI

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY FEDERAL DEPARTMENT FOR THE YEAR ENDED JUNE 30, 1998

CFDA Number	Federal Department/Program Name	State Grantee Agency	Federal Expenditures/ Distributions/ Issuances
<b><u>OFFICE OF NATIONAL DRUG CONTROL POLICY:</u></b>			
07.Unknown	High Intensity Drug Trafficking Area	Narcotics	\$ <u>232,142</u>
<b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>			
10.025	Plant and Animal Disease, Pest Control, and Animal Care	Animal Health/Plant Industry	122,215
10.064	Forestry Incentives Program	Forestry Commission	342,648
10.163	Market Protection and Promotion	Plant Industry	32,315
10.475	Cooperative Agreements with States for Intrastate Meat and Poultry Inspection	Agriculture and Commerce	1,120,559
10.550 Ñ	Food Distribution	Education	10,689,841
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	Health	49,456,079
10.558	Child and Adult Care Food Program	Education	20,018,676
10.560	State Administrative Expenses for Child Nutrition	Education	1,806,229
10.564	Nutrition Education and Training Program	Education	32,232
10.570	Nutrition Program for the Elderly (Commodities)	Human Services	1,694,573
10.664	Cooperative Forestry Assistance	Forestry Commission	1,965,589
10.950	Agricultural Statistics Reports	Agriculture and Commerce	110,469
10.Unknown	Team Nutrition Training Grant	Education	<u>115,714</u>
<b>Subtotal</b>			<u>87,507,139</u>
<b>Food Stamp Cluster:</b>			
10.551 Ñ	Food Stamps	Human Services	266,214,371
10.561	State Administrative Matching Grants for Food Stamp Program	Human Services	<u>22,501,583</u>
<b>Total Food Stamp Cluster</b>			<u>288,715,954</u>
<b>Child Nutrition Cluster:</b>			
10.553	School Breakfast Program	Education	27,200,545
10.555	National School Lunch Program	Education	93,725,821
10.556	Special Milk Program for Children	Education	8,914
10.559	Summer Food Service Program for Children	Education	<u>4,575,228</u>
<b>Total Child Nutrition Cluster</b>			<u>125,510,508</u>
<b>Emergency Food Assistance Cluster:</b>			
10.568	Emergency Food Assistance Program (Administrative Costs)	Human Services	902,989
10.569 Ñ	Emergency Food Assistance Program (Food Commodities)	Human Services	<u>2,640,165</u>
<b>Total Emergency Food Assistance Cluster</b>			<u>3,543,154</u>
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE</b>			<u>505,276,755</u>

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards.

# STATE OF MISSISSIPPI

## Schedule of Expenditures of Federal Awards by Federal Department For the Year Ended June 30, 1998

CFDA Number	Federal Department/Program Name	State Grantee Agency	Federal Expenditures/ Distributions/ Issuances
<b><u>U.S. DEPARTMENT OF COMMERCE</u></b>			
11.300	Economic Development - Grants for Public Works and Infrastructure Development	Educational Television	11,038
11.407	Interjurisdictional Fisheries Act of 1986	Marine Resources	66,309
11.419	Coastal Zone Management Administration Awards	Marine Resources	523,737
11.420	Coastal Zone Management Estuarine Research Reserves	Marine Resources	22,417
11.434	Cooperative Fishery Statistics	Marine Resources	73,950
11.452	Unallied Industry Projects	Marine Resources	971,732
11.552	Telecommunications and Information Infrastructure Assistance Program	Economic and Community Development / Education	435,624
11.800	Minority Business Development Centers	Economic and Community Development	<u>229,643</u>
<b>TOTAL U.S. DEPARTMENT OF COMMERCE</b>			<u>2,334,450</u>
<b><u>U.S. DEPARTMENT OF DEFENSE</u></b>			
12.106	Flood Control Projects	Transportation	729,730
12.113	State Memorandum of Agreement Program for the Reimbursement of Technical Services	Environmental Quality	76,974
12.400	Military Construction, National Guard	Military Department	5,090,387
12.AAC	National Guard Operation and Maintenance	Military Department	19,184,104
12.AAD	National Guard Special Military Operations and Projects	Military Department	3,601,194
12.AAF	National Guard Civilian Youth Opportunities Pilot Program	Military Department	1,591,862
12.AAG	Drug Interdiction and Counter Drug Activities	Military Department	147,066
12.Unknown	Teacher and Teacher's Aide Placement Assistance Program	Education	150,065
12.Unknown Ñ	Transfer of Excess Personal Property for Counter-Drug Activities	Finance and Administration	2,687,074
12.Unknown	Equipment Concentration Site	Military Department	854,964
12.Unknown	Wildlife Mitigation Projects (Passed-through from the U.S. Army Corps of Engineers. Identifying number assigned by the pass-through entity - DACW013915435, DACW01391500S, DACW01392411S, DACW01392410S and DACW3891H007S)	Wildlife, Fisheries and Parks	<u>1,849,964</u>
<b>TOTAL U.S. DEPARTMENT OF DEFENSE</b>			<u>35,963,384</u>
<b><u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u></b>			
14.169	Housing Counseling Assistance Program	Human Services	5,507
14.227	Community Development Block Grants/ Special Purpose Grants/Technical Assistance Program	Economic and Community Development	4,102,568

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards.

# STATE OF MISSISSIPPI

## Schedule of Expenditures of Federal Awards by Federal Department For the Year Ended June 30, 1998

CFDA Number	Federal Department/Program Name	State Grantee Agency	Federal Expenditures/ Distributions/ Issuances
14.228	Community Development Block Grants/State's Program	Economic and Community Development	39,223,563
14.231	Emergency Shelter Grants Program	Economic and Community Development	1,209,688
14.239	HOME Investment Partnerships Program	Economic and Community Development	9,639,673
14.241	Housing Opportunities for Persons with AIDS	Health	<u>999,958</u>
<b>TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>			<u><b>55,180,957</b></u>
<b><u>U.S. DEPARTMENT OF THE INTERIOR</u></b>			
15.250	Regulation of Surface Coal Mining and Surface Effects of Underground Coal Mining	Environmental Quality	90,748
15.612	Endangered Species Conservation and Recovery	Wildlife, Fisheries and Parks	93,659
15.616	Clean Vessel Act	Marine Resources	21,325
15.808	U.S. Geological Survey - Research and Data Acquisition	Environmental Quality	116,321
15.904	Historic Preservation Fund Grants-In-Aid	Archives and History	378,998
15.916	Outdoor Recreation - Acquisition, Development and Planning	Wildlife, Fisheries and Parks	71,050
15.Unknown	Minerals Management Services	Environmental Quality	<u>29,281</u>
<b>Subtotal</b>			<u><b>801,382</b></u>
<b>Fish and Wildlife Cluster:</b>			
15.605	Sport Fish Restoration	Marine Resources/Wildlife, Fisheries and Parks	3,768,227
15.611	Wildlife Restoration	Wildlife, Fisheries and Parks	<u>2,539,367</u>
<b>Total Fish and Wildlife Cluster</b>			<u><b>6,307,594</b></u>
<b>TOTAL U.S. DEPARTMENT OF THE INTERIOR</b>			<u><b>7,108,976</b></u>
<b><u>U.S. DEPARTMENT OF JUSTICE</u></b>			
16.540	Juvenile Justice and Delinquency Prevention - Allocation to States	Public Safety	556,060
16.549	Part E - State Challenge Activities	Public Safety	(882)
16.554	National Criminal History Improvement Program	Public Safety	1,463,865
16.560	Justice Research, Development, and Evaluation Project Grants	Public Safety	63,220
16.575	Crime Victim Assistance	Public Safety	1,788,034
16.576	Crime Victim Compensation	Finance and Administration	84,000
16.579	Byrne Formula Grant Program	Public Safety	3,495,308
16.582	Crime Victim Assistance/Discretionary Grants	Public Safety	14,012
16.588	Violence Against Women Formula Grants	Public Safety	953,802
16.589	Rural Domestic Violence and Child Victimization Enforcement Grant Program	Public Safety	136,246

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards.

# STATE OF MISSISSIPPI

## Schedule of Expenditures of Federal Awards by Federal Department For the Year Ended June 30, 1998

CFDA Number	Federal Department/Program Name	State Grantee Agency	Federal Expenditures/ Distributions/ Issuances
16.592	Local Law Enforcement Block Grants Program	Public Safety	236,452
16.593	Residential Substance Abuse Treatment for State Prisoners	Public Safety	153,913
16.598	State Identification Systems Grant Program	Public Safety	45,727
16.603	Corrections - Technical Assistance/Clearinghouse	Corrections	925,855
16.Unknown	Domestic Cannabis Eradication/Suppression Program	Narcotics	<u>285,795</u>
<b>TOTAL U.S. DEPARTMENT OF JUSTICE</b>			<u>10,201,407</u>
<b><u>U.S. DEPARTMENT OF LABOR</u></b>			
17.002	Labor Force Statistics	Employment Security	672,665
17.005	Compensation and Working Conditions Data	Health	14,190
17.203	Labor Certification for Alien Workers	Employment Security	50,954
17.225 E	Unemployment Insurance	Employment Security	128,910,782
17.235	Senior Community Service Employment Program	Human Services	941,650
17.245	Trade Adjustment Assistance - Workers	Employment Security	157,120
17.249	Employment Services and Job Training - Pilot and Demonstration Programs	Economic and Community Development/Education	94,541
17.504	Consultation Agreements	Health	35,047
17.600	Mine Health and Safety Grants	Environmental Quality	20,026
17.Unknown	State Occupational Information Coordinating Committee (SOICC)	Economic and Community Development	113,752
17.Unknown	Job Corps	Employment Security	<u>1,016,712</u>
<b>Subtotal</b>			<u>132,027,439</u>
<b>Employment Services Cluster:</b>			
17.207	Employment Service	Economic and Community Development/Employment Security	7,375,523
17.801	Disabled Veterans' Outreach Program (DVOP)	Employment Security	648,271
17.804	Local Veterans' Employment Representative Program	Employment Security	<u>1,112,632</u>
<b>Total Employment Services Cluster</b>			<u>9,136,426</u>
<b>JTPA Cluster:</b>			
17.246	Employment and Training Assistance - Dislocated Workers	Economic and Community Development	10,100,181
17.250	Job Training Partnership Act	Economic and Community Development	<u>22,830,694</u>
<b>Total JTPA Cluster</b>			<u>32,930,875</u>
<b>TOTAL U.S. DEPARTMENT OF LABOR</b>			<u>174,094,740</u>

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards.

# STATE OF MISSISSIPPI

## Schedule of Expenditures of Federal Awards by Federal Department For the Year Ended June 30, 1998

CFDA Number	Federal Department/Program Name	State Grantee Agency	Federal Expenditures/ Distributions/ Issuances
<b><u>U.S. DEPARTMENT OF TRANSPORTATION</u></b>			
20.005	Boating Safety Financial Assistance	Wildlife, Fisheries and Parks	816,769
20.205	Highway Planning and Construction	Transportation	214,088,334
20.218	Motor Carrier Safety Assistance Program	Public Safety/Public Service Commission	924,572
20.500	Federal Transit Capital Improvement Grants	Transportation	309,315
20.505	Federal Transit Technical Studies Grants	Transportation	142,367
20.509	Public Transportation for Nonurbanized Areas	Transportation	2,528,404
20.513	Capital Assistance Program for Elderly Persons and Persons with Disabilities	Transportation	488,196
20.602	Motorcycle Helmets and Safety Belt Incentive Grants	Public Safety	(4,235)
20.700	Pipeline Safety	Public Service Commission	158,825
20.703	Interagency Hazardous Materials Public Sector Training and Planning Grants	Emergency Management	42,262
20.Unknown	403 Incentive Grant	Public Safety	11,163
20.Unknown	Roadside Fuel Sampling	Agriculture and Commerce	6,601
20.Unknown	National Driver Registration	Public Safety	5,982
20.Unknown	Fatal Analysis Reporting System	Public Safety	<u>42,509</u>
	<b>Subtotal</b>		<u>219,561,064</u>
	<b>Highway Safety Cluster:</b>		
20.600	State and Community Highway Safety	Public Safety	1,810,338
20.601	Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants	Public Safety	<u>147,915</u>
	<b>Total Highway Safety Cluster</b>		<u>1,958,253</u>
	<b>TOTAL U.S. DEPARTMENT OF TRANSPORTATION</b>		<u>221,519,317</u>
<b><u>APPALACHIAN REGIONAL COMMISSION</u></b>			
23.002	Appalachian Supplements to Federal Grant-In-Aid (Area Development)	Economic and Community Development/Education	932,043
23.011	Appalachian State Research, Technical Assistance, and Demonstration Projects	Economic and Community Development	<u>190,219</u>
	<b>TOTAL APPALACHIAN REGIONAL COMMISSION</b>		<u>1,122,262</u>
<b><u>U.S. GENERAL SERVICES ADMINISTRATION</u></b>			
39.003 Ñ	Donation of Federal Surplus Personal Property	Finance and Administration	<u>8,198,317</u>

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards.

# STATE OF MISSISSIPPI

## Schedule of Expenditures of Federal Awards by Federal Department For the Year Ended June 30, 1998

CFDA Number	Federal Department/Program Name	State Grantee Agency	Federal Expenditures/ Distributions/ Issuances
<b><u>NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES</u></b>			
45.024	Promotion of the Arts - Grants to Organizations and Individuals	Arts Commission	60,658
45.025	Promotion of the Arts - Partnership Agreements	Arts Commission	363,442
45.026	Promotion of the Arts-Leadership Initiatives	Arts Commission	6,021
45.129	Promotion of the Humanities - Federal/ State Partnership (Passed-through from the Mississippi Humanities Council. Identifying number assigned by the pass-through entity - MCH-2090)	Educational Television	7,500
45.Unknown	Library Services Construction Grants	Library Commission	5,130
<b>TOTAL NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES</b>			<b><u>442,751</u></b>
<b><u>TENNESSEE VALLEY AUTHORITY</u></b>			
62.Unknown	Low-Income Pilot Program	Human Services	<u>64,575</u>
<b><u>U.S. DEPARTMENT OF VETERANS AFFAIRS</u></b>			
64.005	Grants to States for Construction of State Home Facilities	Veterans Affairs Board	6,571
64.124	All-Volunteer Force Educational Assistance	Veterans Affairs Board	<u>112,158</u>
<b>TOTAL U.S. DEPARTMENT OF VETERANS AFFAIRS</b>			<b><u>118,729</u></b>
<b><u>U.S. ENVIRONMENTAL PROTECTION AGENCY</u></b>			
66.001	Air Pollution Control Program Support	Environmental Quality	196,495
66.032	State Indoor Radon Grants	Health	50,943
66.419	Water Pollution Control - State and Interstate Program Support	Environmental Quality	460,349
66.432	State Public Water System Supervision	Health	1,373,037
66.433	State Underground Water Source Protection	Environmental Quality/ Oil and Gas Board	105,212
66.454	Water Quality Management Planning	Environmental Quality	111,840
66.458	Capitalization Grants for State Revolving Funds	Environmental Quality	9,858,182
66.460	Nonpoint Source Implementation Grants	Environmental Quality	1,014,566
66.461	Wetlands Protection - Development Grants	Environmental Quality/ Marine Resources	123,471
66.463	National Pollutant Discharge Elimination System Related State Program Grants	Environmental Quality	175,011
66.467	Wastewater Operator Training Grant Program (Technical Assistance)	Environmental Quality	36,141
66.468	Capitalization Grants for Drinking Water State Revolving Fund	Health	5,281,059
66.605	Performance Partnership Grants	Environmental Quality	2,291,751
66.606	Surveys, Studies, Investigations and Special Purpose Grants	Environmental Quality/ Wildlife, Fisheries and Parks	27,181

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards.

# STATE OF MISSISSIPPI

## Schedule of Expenditures of Federal Awards by Federal Department For the Year Ended June 30, 1998

CFDA Number	Federal Department/Program Name	State Grantee Agency	Federal Expenditures/ Distributions/ Issuances
66.700	Consolidated Pesticide Enforcement Cooperative Agreements	Plant Industry	444,596
66.701	Toxic Substances Compliance Monitoring Cooperative Agreements	Environmental Quality	53,435
66.707	TSCA Title IV State Lead Grants - Certification of Lead-Based Paint Professionals	Environmental Quality	329,817
66.708	Pollution Prevention Grants Program	Environmental Quality	72,500
66.801	Hazardous Waste Management State Program Support	Environmental Quality	329,694
66.802	Superfund State Site-Specific Cooperative Agreements	Environmental Quality	104,653
66.804	State Underground Storage Tanks Program	Environmental Quality	212,321
66.805	Leaking Underground Storage Tank Trust Fund Program	Environmental Quality	1,025,513
66.808	Solid Waste Management Assistance	Environmental Quality	8,005
66.809	Superfund State Core Program Cooperative Agreements	Environmental Quality	390,205
66.810	CEPP Technical Assistance Grants Program	Environmental Quality	13,662
66.Unknown	Litter Reduction	Marine Resources	6,914
<b>TOTAL U.S. ENVIRONMENTAL PROTECTION AGENCY</b>			<b><u>24,096,553</u></b>
<b><u>U.S. DEPARTMENT OF ENERGY</u></b>			
81.041	State Energy Program	Economic and Community Development/Finance and Administration	1,056,718
81.042	Weatherization Assistance for Low-Income Persons	Finance and Administration/ Human Services	775,717
81.089	Fossil Energy Research and Development	Environmental Quality	54,661
81.106	Transport of Transuranic Wastes to the Waste Isolation Pilot Plant: States and Tribal Concerns, Proposed Solutions (Passed-through from the Southern States Energy Board. Identifying number assigned by the pass-through entity - SSEB-WIPP-MS-99-01)	Emergency Management	44,715
81.Unknown	Assessing Development of an Energy Industrial Park	Economic and Community Development	25,086
81.Unknown	Other Federal Assistance	Environmental Quality/ Finance and Administration	<u>1,049,606</u>
<b>TOTAL U.S. DEPARTMENT OF ENERGY</b>			<b><u>3,006,503</u></b>

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards.



# STATE OF MISSISSIPPI

## Schedule of Expenditures of Federal Awards by Federal Department For the Year Ended June 30, 1998

CFDA Number	Federal Department/Program Name	State Grantee Agency	Federal Expenditures/ Distributions/ Issuances
<b><u>FEDERAL EMERGENCY MANAGEMENT AGENCY</u></b>			
83.008	Community-Based Anti-Arson Program	Emergency Management	13,681
83.011	Hazardous Materials Training Program for Implementation of the Superfund Amendment and Reauthorization Act (SARA) of 1986	Emergency Management	23,006
83.105	Community Assistance Program - State Support Services Element (CAP - SSSE)	Emergency Management	55,306
83.505	State Disaster Preparedness Grants	Emergency Management	30,711
83.516	Disaster Assistance	Emergency Management/ Employment Security	2,568,778
83.520	Hurricane Program	Emergency Management	147
83.521	Earthquake Hazards Reduction Grants	Emergency Management	27,941
83.534	Emergency Management - State and Local Assistance	Emergency Management	865,227
83.535	Mitigation Assistance	Emergency Management	179,224
83.547	First Responder Anti-Terrorism Training Assistance	Emergency Management	6,072
<b>TOTAL FEDERAL EMERGENCY MANAGEMENT AGENCY</b>			<b><u>3,770,093</u></b>
<b><u>U.S. DEPARTMENT OF EDUCATION</u></b>			
84.002	Adult Education - State Grant Program	Board for Community and Junior Colleges	4,727,354
84.004	Civil Rights Training and Advisory Services	Education	3
84.010	Title I Grants to Local Educational Agencies	Education	125,383,956
84.011	Migrant Education - Basic State Grant Program	Education	1,312,312
84.013	Title I Program for Neglected and Delinquent Children	Education	354,349
84.029	Special Education - Personnel Development and Parent Training	Education	52,381
84.034	Public Library Services	Library Commission	890,413
84.035	Interlibrary Cooperation and Resource Sharing	Library Commission	195,916
84.044	TRIO - Talent Search	Education	267,056
84.048	Vocational Education - Basic Grants to States	Education	12,882,571
84.073	National Diffusion Network	Education	(2)
84.126	Rehabilitation Services - Vocational Rehabilitation Grants to States	Rehabilitation Services	37,777,231
84.128	Rehabilitation Services - Service Projects	Rehabilitation Services	235,601
84.151	Chapter 2 - State Block Grants	Education	2,066
84.154	Public Library Construction and Technology Enhancement	Library Commission	148,058
84.158	Secondary Education and Transitional Services for Youth with Disabilities	Education	637,722
84.164	Eisenhower Mathematics and Science Education - State Grants	Education	3
84.169	Independent Living - State Grants	Rehabilitation Services	215,670

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards.

# STATE OF MISSISSIPPI

## Schedule of Expenditures of Federal Awards by Federal Department For the Year Ended June 30, 1998

CFDA Number	Federal Department/Program Name	State Grantee Agency	Federal Expenditures/ Distributions/ Issuances
84.177	Rehabilitation Services - Independent Living Services for Older Individuals Who are Blind	Rehabilitation Services	212,250
84.178	Leadership in Educational Administration Development	Education	(1)
84.181	Special Education - Grants for Infants and Families with Disabilities	Health	3,007,826
84.185	Byrd Honors Scholarships	Education	328,049
84.186	Safe and Drug-Free Schools and Communities - State Grants	Education/Public Safety	6,601,568
84.187	Supported Employment Services for Individuals with Severe Disabilities	Rehabilitation Services	385,243
84.194	Bilingual Education Support Services	Education	79,962
84.196	Education for Homeless Children and Youth	Education	382,894
84.203	Star Schools	Educational Television	3,683,039
84.213	Even Start - State Educational Agencies	Education	1,756,120
84.215	Fund for the Improvement of Education	Education	1
84.216	Capital Expenses	Education	135,796
84.218	State School Improvement Grants	Education	(4,109)
84.224	State Grants for Assistive Technology	Rehabilitation Services	596,138
84.235	Special Projects and Demonstrations for Providing Vocational Rehabilitation Services to Individuals with Severe Disabilities	Rehabilitation Services	215,622
84.243	Tech-Prep Education	Education	1,009,266
84.265	Rehabilitation Training - State Vocational Rehabilitation Unit In-Service Training	Rehabilitation Services	159,385
84.276	Goals 2000 - State and Local Education Systemic Improvement Grants	Education	5,093,377
84.281	Eisenhower Professional Development State Grants	Education	3,343,546
84.298	Innovative Education Program Strategies	Education	3,230,842
84.303	Technology Innovation Challenge Grants	Educational Television	149,076
84.318	Technology Literacy Challenge Fund Grants	Education	9,898,871
	<b>Subtotal</b>		<u>225,347,421</u>
	<b>Special Education Cluster:</b>		
84.027	Special Education - Grants to States	Education	31,032,465
84.173	Special Education - Preschool Grants	Education	4,071,765
	<b>Total Special Education Cluster</b>		<u>35,104,230</u>
	<b>TOTAL U.S. DEPARTMENT OF EDUCATION</b>		<u>260,451,651</u>
	<b><u>NATIONAL ARCHIVES AND RECORDS ADMINISTRATION</u></b>		
89.003	National Historical Publications and Records Grants	Archives and History	<u>50,700</u>

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards.

# STATE OF MISSISSIPPI

## Schedule of Expenditures of Federal Awards by Federal Department For the Year Ended June 30, 1998

CFDA Number	Federal Department/Program Name	State Grantee Agency	Federal Expenditures/ Distributions/ Issuances
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
93.041	Special Programs for the Aging - Title VII, Chapter 3 - Programs for Prevention of Elder Abuse, Neglect, and Exploitation	Human Services	30,482
93.042	Special Programs for the Aging - Title VII, Chapter 2 - Long Term Care Ombudsman Services for Older Individuals	Human Services	50,002
93.043	Special Programs for the Aging - Title III, Part F - Disease Prevention and Health Promotion Services	Human Services	93,294
93.046	Special Programs for the Aging - Title III, Part D - In-Home Services for Frail Older Individuals	Human Services	121,721
93.048	Special Programs for the Aging - Title IV - Training, Research and Discretionary Projects and Programs	Human Services	(523)
93.049	Special Programs for the Aging - Title VII, Chapter 6 - Allotments for Vulnerable Elder Rights Protection Programs	Human Services	5,834
93.110	Maternal and Child Health Federal Consolidated Programs	Health	342,086
93.116	Project Grants and Cooperative Agreements for Tuberculosis Control Programs	Health	1,147,912
93.125	Mental Health Planning and Demonstration Projects	Mental Health	89,370
93.127	Emergency Medical Services for Children	Health	25,469
93.128	Grants for Technical Assistance Activities Related to the Block Grant for Community Mental Health Services - Mental Health Statistics Improvement Program	Mental Health	44,359
93.130	Primary Care Services - Resource Coordination and Development Primary Care Offices	Health	235,458
93.136	Injury Prevention and Control Research and State and Community Based Programs	Health	25,681
93.150	Projects for Assistance in Transition from Homelessness (PATH)	Mental Health	216,729
93.161	Health Program for Toxic Substances and Disease Registry	Health	141,660
93.184	Disabilities Prevention	Health	35,500
93.217	Family Planning - Services	Health	3,673,740
93.234	Traumatic Brain Injury	Rehabilitation Services	29,477
93.235	Abstinence Education	Health	18,918
93.268 Ñ	Immunization Grants	Health	10,666,612
93.283	Centers for Disease Control and Prevention - Investigations and Technical Assistance	Health	408,003
93.556	Family Preservation and Support Services	Human Services	2,466,721
93.558	Temporary Assistance for Needy Families	Human Services	48,265,864
93.563	Child Support Enforcement	Human Services	12,793,449
93.566	Refugee and Entrant Assistance - State Administered Programs	Human Services	1,148,968
93.568	Low-Income Home Energy Assistance	Human Services	9,000,755
93.569	Community Services Block Grant	Human Services	7,486,609

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards.

# STATE OF MISSISSIPPI

## Schedule of Expenditures of Federal Awards by Federal Department For the Year Ended June 30, 1998

CFDA Number	Federal Department/Program Name	State Grantee Agency	Federal Expenditures/ Distributions/ Issuances
93.571	Community Services Block Grant Discretionary Awards - Community Food and Nutrition	Human Services	84,883
93.575	Child Care and Development Block Grant	Human Services	7,998,663
93.576	Refugee and Entrant Assistance - Discretionary Grants	Human Services	6,449
93.585	Empowerment Zones Program	Economic and Community Development/Human Services	5,062,130
93.586	State Court Improvement Program	Supreme Court	54,654
93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund	Human Services	14,175,162
93.600	Head Start	Human Services	12,561
93.614	Child Development Associate Scholarships	Human Services	(650)
93.630	Developmental Disabilities Basic Support and Advocacy Grants	Mental Health	870,499
93.643	Children's Justice Grants to States	Human Services	66,136
93.645	Child Welfare Services - State Grants	Human Services	4,472,979
93.658	Foster Care - Title IV-E	Human Services	22,563,591
93.659	Adoption Assistance	Human Services	1,047,141
93.667	Social Services Block Grant	Human Services	26,442,873
93.669	Child Abuse and Neglect State Grants	Human Services	352,428
93.671	Family Violence Prevention and Services / Grants for Battered Women's Shelters - Grants to States and Indian Tribes	Health	427,678
93.672	Community-Based Prevention Program	Human Services	493
93.673	Grants to States for Planning and Development of Dependent Care Programs	Human Services	9,064
93.674	Independent Living	Human Services	490,397
93.779	Health Care Financing Research, Demonstrations and Evaluations	Human Services/Medicaid	(3,923)
93.913	Grants to States for Operation of Offices of Rural Health	Health	10,494
93.917	HIV Care Formula Grants	Health	1,984,594
93.919	Cooperative Agreements for State-Based Comprehensive Breast and Cervical Cancer Early Detection Programs	Health	30,445
93.938	Cooperative Agreements to Support Comprehensive School Health Programs to Prevent the Spread of HIV and Other Important Health Problems	Education	72,731
93.940	HIV Prevention Activities - Health Department Based	Health	1,718,111
93.944	Human Immunodeficiency Virus (HIV) / Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance	Health	207,979
93.958	Block Grants for Community Mental Health Services	Mental Health	2,369,329
93.959	Block Grants for Prevention and Treatment of Substance Abuse	Mental Health	9,765,784
93.977 Ñ	Preventive Health Services - Sexually Transmitted Diseases Control Grants	Health	2,431,087
93.988	Cooperative Agreements for State-Based Diabetes Control Programs and Evaluation of Surveillance Systems	Health	237,480

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards.

**STATE OF MISSISSIPPI**  
**Schedule of Expenditures of Federal Awards by Federal Department**  
**For the Year Ended June 30, 1998**

CFDA Number	Federal Department/Program Name	State Grantee Agency	Federal Expenditures/ Distributions/ Issuances
93.991 Ñ	Preventive Health and Health Services Block Grant	Health	2,665,478
93.994	Maternal and Child Health Services Block Grant to the States	Health	9,815,120
93.Unknown	State Demand and Needs Assessment Studies: Alcohol and Other Drugs (contract)	Mental Health	465,249
93.Unknown	Implementation of Uniform Alcohol and Drug Abuse Data Collection Systems (contract)	Mental Health	<u>42,463</u>
	<b>Subtotal</b>		<u>214,513,702</u>
	<b>Aging Cluster:</b>		
93.044	Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	Human Services	3,341,253
93.045	Special Programs for the Aging - Title III, Part C - Nutrition Services	Human Services	<u>3,980,713</u>
	<b>Total Aging Cluster</b>		<u>7,321,966</u>
	<b>Medicaid Cluster:</b>		
93.775	State Medicaid Fraud Control Units	Attorney General	820,910
93.777	State Survey and Certification of Health Care Providers and Suppliers	Health/Medicaid	2,142,236
93.778	Medical Assistance Program	Medicaid	<u>1,328,018,173</u>
	<b>Total Medicaid Cluster</b>		<u>1,330,981,319</u>
	<b>TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>		<u>1,552,816,987</u>
	<b><u>CORPORATION FOR NATIONAL AND COMMUNITY SERVICE</u></b>		
94.001	National and Community Service Projects	Education	2,685
94.004	Learn and Serve America - School and Community Based Programs	Education	<u>451,147</u>
	<b>TOTAL CORPORATION FOR NATIONAL AND COMMUNITY SERVICE</b>		<u>453,832</u>
	<b><u>SOCIAL SECURITY ADMINISTRATION</u></b>		
96.001	Social Security - Disability Insurance	Rehabilitation Services	<u>19,041,587</u>
	<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>		<b>\$ <u>2,885,546,668</u></b>

Ê The total expenditures for CFDA No. 17.225 includes state expenditures of \$103,352,865 and federal expenditures of \$25,557,917.

Ñ Denotes federal programs with non-cash benefits.

(concluded)

See accompanying Notes to the Schedules of Expenditures of Federal Awards.

**Schedule of Expenditures of Federal Awards  
by State Grantee Agency**



# STATE OF MISSISSIPPI

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY STATE GRANTEE AGENCY FOR THE YEAR ENDED JUNE 30, 1998

CFDA Number	State Agency/Federal Department/Program Name	Federal Expenditures/ Distributions/ Issuances
<b><u>AGRICULTURE AND COMMERCE</u></b>		
	<b>U.S. Department of Agriculture:</b>	
10.475	Cooperative Agreements with States for Intrastate Meat and Poultry Inspection	\$ 1,120,559
10.950	Agricultural Statistics Reports	<u>110,469</u>
	<b>Total U.S. Department of Agriculture</b>	<u>1,231,028</u>
	<b>U.S. Department of Transportation:</b>	
20.Unknown	Roadside Fuel Sampling	<u>6,601</u>
	<b>TOTAL AGRICULTURE AND COMMERCE</b>	<u>1,237,629</u>
<b><u>ANIMAL HEALTH</u></b>		
	<b>U.S. Department of Agriculture:</b>	
10.025	Plant and Animal Disease, Pest Control, and Animal Care	<u>64,708</u>
	<b>TOTAL ANIMAL HEALTH</b>	<u>64,708</u>
<b><u>ARCHIVES AND HISTORY</u></b>		
	<b>U.S. Department of the Interior:</b>	
15.904	Historic Preservation Fund Grants-In-Aid	<u>378,998</u>
	<b>National Archives and Records Administration:</b>	
89.003	National Historical Publications and Records Grants	<u>50,700</u>
	<b>TOTAL ARCHIVES AND HISTORY</b>	<u>429,698</u>
<b><u>ARTS COMMISSION</u></b>		
	<b>National Foundation on the Arts and the Humanities:</b>	
45.024	Promotion of the Arts - Grants to Organizations and Individuals	60,658
45.025	Promotion of the Arts - Partnership Agreements	363,442
45.026	Promotion of the Arts-Leadership Initiatives	<u>6,021</u>
	<b>Total National Foundation on the Arts and the Humanities</b>	<u>430,121</u>
	<b>TOTAL ARTS COMMISSION</b>	<u>430,121</u>

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards.

**STATE OF MISSISSIPPI**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY STATE GRANTEE AGENCY**  
**FOR THE YEAR ENDED JUNE 30, 1998**

<u>CFDA Number</u>	<u>State Agency/Federal Department/Program Name</u>	<u>Federal Expenditures/ Distributions/ Issuances</u>
<b><u>ATTORNEY GENERAL</u></b>		
93.775	U.S. Department of Health and Human Services: State Medicaid Fraud Control Units	<u>820,910</u>
	<b>TOTAL ATTORNEY GENERAL</b>	<u>820,910</u>
<b><u>BOARD FOR COMMUNITY AND JUNIOR COLLEGES</u></b>		
84.002	U.S. Department of Education: Adult Education - State Grant Program	<u>4,727,354</u>
	<b>TOTAL BOARD FOR COMMUNITY AND JUNIOR COLLEGES</b>	<u>4,727,354</u>
<b><u>CORRECTIONS</u></b>		
16.603	U.S. Department of Justice: Corrections - Technical Assistance/Clearinghouse	<u>925,855</u>
	<b>TOTAL CORRECTIONS</b>	<u>925,855</u>
<b><u>ECONOMIC AND COMMUNITY DEVELOPMENT</u></b>		
11.552	U.S. Department of Commerce: Telecommunications and Information Infrastructure Assistance Program	11,170
11.800	Minority Business Development Centers	<u>229,643</u>
	<b>Total U.S. Department of Commerce</b>	<u>240,813</u>
14.227	U.S. Department of Housing and Urban Development: Community Development Block Grants/Special Purpose Grants/ Technical Assistance Program	4,102,568
14.228	Community Development Block Grants/State's Program	39,223,563
14.231	Emergency Shelter Grants Program	1,209,688
14.239	HOME Investment Partnerships Program	<u>9,639,673</u>
	<b>Total U.S. Department of Housing and Urban Development</b>	<u>54,175,492</u>
17.207	U.S. Department of Labor: Employment Service	96,245
17.246	Employment and Training Assistance - Dislocated Workers	10,100,181
17.249	Employment Services and Job Training - Pilot and Demonstration Programs	2,971
17.250	Job Training Partnership Act	22,830,694
17.Unknown	State Occupational Information Coordinating Committee (SOICC)	<u>113,752</u>
	<b>Total U.S. Department of Labor</b>	<u>33,143,843</u>

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards.



**STATE OF MISSISSIPPI**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY STATE GRANTEE AGENCY**  
**FOR THE YEAR ENDED JUNE 30, 1998**

<u>CFDA Number</u>	<u>State Agency/Federal Department/Program Name</u>	<u>Federal Expenditures/ Distributions/ Issuances</u>
	<b>Appalachian Regional Commission:</b>	
23.002	Appalachian Supplements to Federal Grant-In-Aid (Area Development)	742,104
23.011	Appalachian State Research, Technical Assistance, and Demonstration Projects	<u>190,219</u>
	<b>Total Appalachian Regional Commission</b>	<u>932,323</u>
	<b>U.S. Department of Energy:</b>	
81.041	State Energy Program	349,048
81.Unknown	Assessing Development of an Energy Industrial Park	<u>25,086</u>
	<b>Total U.S. Department of Energy</b>	<u>374,134</u>
	<b>U.S. Department of Health and Human Services:</b>	
93.585	Empowerment Zones Program	<u>4,885,448</u>
	<b>TOTAL ECONOMIC AND COMMUNITY DEVELOPMENT</b>	<u>93,752,053</u>
	<b><u>EDUCATION</u></b>	
	<b>U.S. Department of Agriculture:</b>	
10.550 Ñ	Food Distribution	10,689,841
10.553	School Breakfast Program	27,200,545
10.555	National School Lunch Program	93,725,821
10.556	Special Milk Program for Children	8,914
10.558	Child and Adult Care Food Program	20,018,676
10.559	Summer Food Service Program for Children	4,575,228
10.560	State Administrative Expenses for Child Nutrition	1,806,229
10.564	Nutrition Education and Training Program	32,232
10.Unknown	Team Nutrition Training Grant	<u>115,714</u>
	<b>Total U.S. Department of Agriculture</b>	<u>158,173,200</u>
	<b>U.S. Department of Commerce:</b>	
11.552	Telecommunications and Information Infrastructure Assistance Program	<u>424,454</u>
	<b>U.S. Department of Defense:</b>	
12.Unknown	Teacher and Teacher's Aide Placement Assistance Program	<u>150,065</u>
	<b>U.S. Department of Labor:</b>	
17.249	Employment Services and Job Training - Pilot and Demonstration Programs	<u>91,570</u>
	<b>Appalachian Regional Commission:</b>	
23.002	Appalachian Supplements to Federal Grant-in-Aid (Area Development)	<u>189,939</u>

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards.

**STATE OF MISSISSIPPI**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY STATE GRANTEE AGENCY**  
**FOR THE YEAR ENDED JUNE 30, 1998**

CFDA Number	State Agency/Federal Department/Program Name	Federal Expenditures/ Distributions/ Issuances
<b>U.S. Department of Education:</b>		
84.004	Civil Rights Training and Advisory Services	3
84.010	Title I Grants to Local Educational Agencies	125,383,956
84.011	Migrant Education - Basic State Grant Program	1,312,312
84.013	Title I Program for Neglected and Delinquent Children	354,349
84.027	Special Education - Grants to States	31,032,465
84.029	Special Education - Personnel Development and Parent Training	52,381
84.044	TRIO - Talent Search	267,056
84.048	Vocational Education - Basic Grants to States	12,882,571
84.073	National Diffusion Network	(2)
84.151	Chapter 2 - State Block Grants	2,066
84.158	Secondary Education and Transitional Services for Youth with Disabilities	637,722
84.164	Eisenhower Mathematics and Science Education - State Grants	3
84.173	Special Education - Preschool Grants	4,071,765
84.178	Leadership in Educational Administration Development	(1)
84.185	Byrd Honors Scholarships	328,049
84.186	Safe and Drug-Free Schools and Communities - State Grants	5,287,452
84.194	Bilingual Education Support Services	79,962
84.196	Education for Homeless Children and Youth	382,894
84.213	Even Start - State Educational Agencies	1,756,120
84.215	Fund for the Improvement of Education	1
84.216	Capital Expenses	135,796
84.218	State School Improvement Grants	(4,109)
84.243	Tech-Prep Education	1,009,266
84.276	Goals 2000 - State and Local Education Systemic Improvement Grants	5,093,377
84.281	Eisenhower Professional Development State Grants	3,343,546
84.298	Innovative Education Program Strategies	3,230,842
84.318	Technology Literacy Challenge Fund Grants	9,898,871
<b>Total U.S. Department of Education</b>		<b><u>206,538,713</u></b>
<b>U.S. Department of Health and Human Services:</b>		
93.938	Cooperative Agreements to Support Comprehensive School Health Programs to Prevent the Spread of HIV and Other Important Health Problems	<u>72,731</u>
<b>Corporation for National and Community Service:</b>		
94.001	National and Community Service Projects	2,685
94.004	Learn and Serve America - School and Community Based Programs	<u>451,147</u>
<b>Total Corporation for National and Community Service</b>		<b><u>453,832</u></b>
<b>TOTAL EDUCATION</b>		<b><u>366,094,504</u></b>

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards.

**STATE OF MISSISSIPPI**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY STATE GRANTEE AGENCY**  
**FOR THE YEAR ENDED JUNE 30, 1998**

<u>CFDA Number</u>	<u>State Agency/Federal Department/Program Name</u>	<u>Federal Expenditures/ Distributions/ Issuances</u>
<b><u>EDUCATIONAL TELEVISION</u></b>		
	<b>U.S. Department of Commerce:</b>	
11.300	Economic Development - Grants for Public Works and Infrastructure Development	<u>11,038</u>
	<b>National Foundation on the Arts and the Humanities:</b>	
45.129	Promotion of the Humanities - Federal/State Partnership (Passed-through from the Mississippi Humanities Council. Identifying number assigned by the pass-through entity - MHC-2090)	<u>7,500</u>
	<b>U.S. Department of Education:</b>	
84.203	Star Schools	3,683,039
84.303	Technology Innovation Challenge Grants	<u>149,076</u>
	<b>Total U.S. Department of Education</b>	<u>3,832,115</u>
	<b>TOTAL EDUCATIONAL TELEVISION</b>	<u>3,850,653</u>
<b><u>EMERGENCY MANAGEMENT</u></b>		
	<b>U.S. Department of Transportation:</b>	
20.703	Interagency Hazardous Materials Public Sector Training and Planning Grants	<u>42,262</u>
	<b>U.S. Department of Energy:</b>	
81.106	Transport of Transuranic Wastes to the Waste Isolation Pilot Plant: States and Tribal Concerns, Proposed Solutions (Passed-through from the Southern States Energy Board. Identifying number assigned by the pass-through entity - SSEB-WIPP-MS-99-01)	<u>44,715</u>
	<b>Federal Emergency Management Agency:</b>	
83.008	Community-Based Anti-Arson Program	13,681
83.011	Hazardous Materials Training Program for Implementation of the Superfund Amendment and Reauthorization Act (SARA) of 1986	23,006
83.105	Community Assistance Program - State Support Services Element (CAP-SSSE)	55,306
83.505	State Disaster Preparedness Grants	30,711
83.516	Disaster Assistance	2,561,678
83.520	Hurricane Program	147
83.521	Earthquake Hazards Reduction Grants	27,941
83.534	Emergency Management - State and Local Assistance	865,227
83.535	Mitigation Assistance	179,224
83.547	First Responder Anti-Terrorism Training Assistance	<u>6,072</u>
	<b>Total Federal Emergency Management Agency</b>	<u>3,762,993</u>
	<b>TOTAL EMERGENCY MANAGEMENT</b>	<u>3,849,970</u>

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards.

**STATE OF MISSISSIPPI**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY STATE GRANTEE AGENCY**  
**FOR THE YEAR ENDED JUNE 30, 1998**

<u>CFDA Number</u>	<u>State Agency/Federal Department/Program Name</u>	<u>Federal Expenditures/ Distributions/ Issuances</u>
<b><u>EMPLOYMENT SECURITY</u></b>		
<b>U.S. Department of Labor:</b>		
17.002	Labor Force Statistics	672,665
17.203	Labor Certification for Alien Workers	50,954
17.207	Employment Service	7,279,278
17.225 E	Unemployment Insurance	128,910,782
17.245	Trade Adjustment Assistance - Workers	157,120
17.801	Disabled Veterans' Outreach Program (DVOP)	648,271
17.804	Local Veterans' Employment Representative Program	1,112,632
17.Unknown	Job Corps	<u>1,016,712</u>
	<b>Total U.S. Department of Labor</b>	<u>139,848,414</u>
<b>Federal Emergency Management Agency:</b>		
83.516	Disaster Assistance	<u>7,100</u>
	<b>TOTAL EMPLOYMENT SECURITY</b>	<u>139,855,514</u>
<b><u>ENVIRONMENTAL QUALITY</u></b>		
<b>U.S. Department of Defense:</b>		
12.113	State Memorandum of Agreement Program for the Reimbursement of Technical Services	<u>76,974</u>
<b>U.S. Department of the Interior:</b>		
15.250	Regulation of Surface Coal Mining and Surface Effects of Underground Coal Mining	90,748
15.808	U.S. Geological Survey - Research and Data Acquisition	116,321
15.Unknown	Minerals Management Services	<u>29,281</u>
	<b>Total U.S. Department of the Interior</b>	<u>236,350</u>
<b>U.S. Department of Labor:</b>		
17.600	Mine Health and Safety Grants	<u>20,026</u>
<b>U.S. Environmental Protection Agency:</b>		
66.001	Air Pollution Control Program Support	196,495
66.419	Water Pollution Control - State and Interstate Program Support	460,349
66.433	State Underground Water Source Protection	62,782
66.454	Water Quality Management Planning	111,840
66.458	Capitalization Grants for State Revolving Funds	9,858,182
66.460	Nonpoint Source Implementation Grants	1,014,566
66.461	Wetlands Protection - Development Grants	24,079
66.463	National Pollutant Discharge Elimination System Related State Program Grants	175,011
66.467	Wastewater Operator Training Grant Program (Technical Assistance)	36,141
66.605	Performance Partnership Grants	2,291,751
66.606	Surveys, Studies, Investigations and Special Purpose Grants	24,732

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards.

**STATE OF MISSISSIPPI**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY STATE GRANTEE AGENCY**  
**FOR THE YEAR ENDED JUNE 30, 1998**

<u>CFDA Number</u>	<u>State Agency/Federal Department/Program Name</u>	<u>Federal Expenditures/ Distributions/ Issuances</u>
66.701	Toxic Substances Compliance Monitoring Cooperative Agreements	53,435
66.707	TSCA Title IV State Lead Grants - Certification of Lead-Based Paint Professionals	329,817
66.708	Pollution Prevention Grants Program	72,500
66.801	Hazardous Waste Management State Program Support	329,694
66.802	Superfund State Site - Specific Cooperative Agreements	104,653
66.804	State Underground Storage Tanks Program	212,321
66.805	Leaking Underground Storage Tank Trust Fund Program	1,025,513
66.808	Solid Waste Management Assistance	8,005
66.809	Superfund State Core Program Cooperative Agreements	390,205
66.810	CEPP Technical Assistance Grants Program	<u>13,662</u>
	<b>Total U.S. Environmental Protection Agency</b>	<b><u>16,795,733</u></b>
	<b>U.S. Department of Energy:</b>	
81.089	Fossil Energy Research and Development	54,661
81.Unknown	Other Federal Assistance	<u>11,860</u>
	<b>Total U.S. Department of Energy</b>	<b><u>66,521</u></b>
	<b>TOTAL ENVIRONMENTAL QUALITY</b>	<b><u>17,195,604</u></b>
	<b><u>FINANCE AND ADMINISTRATION</u></b>	
	<b>U.S. Department of Defense:</b>	
12.Unknown Ñ	Transfer of Excess Personal Property for Counter-Drug Activities	<u>2,687,074</u>
	<b>U.S. Department of Justice:</b>	
16.576	Crime Victim Compensation	<u>84,000</u>
	<b>U.S. General Services Administration:</b>	
39.003 Ñ	Donation of Federal Surplus Personal Property	<u>8,198,317</u>
	<b>U.S. Department of Energy:</b>	
81.041	State Energy Program	707,670
81.042	Weatherization Assistance for Low-Income Persons	36,690
81.Unknown	Other Federal Assistance	<u>1,037,746</u>
	<b>Total U.S. Department of Energy</b>	<b><u>1,782,106</u></b>
	<b>TOTAL FINANCE AND ADMINISTRATION</b>	<b><u>12,751,497</u></b>

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards.

**STATE OF MISSISSIPPI**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY STATE GRANTEE AGENCY**  
**FOR THE YEAR ENDED JUNE 30, 1998**

CFDA Number	State Agency/Federal Department/Program Name	Federal Expenditures/ Distributions/ Issuances
<b><u>FORESTRY COMMISSION</u></b>		
	<b>U.S. Department of Agriculture:</b>	
10.064	Forestry Incentives Program	342,648
10.664	Cooperative Forestry Assistance	<u>1,965,589</u>
	<b>Total U.S. Department of Agriculture</b>	<u>2,308,237</u>
	<b>TOTAL FORESTRY COMMISSION</b>	<u>2,308,237</u>
<b><u>HEALTH</u></b>		
	<b>U.S. Department of Agriculture:</b>	
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	<u>49,456,079</u>
	<b>U.S. Department of Housing and Urban Development:</b>	
14.241	Housing Opportunities for Persons with AIDS	<u>999,958</u>
	<b>U.S. Department of Labor:</b>	
17.005	Compensation and Working Conditions Data	14,190
17.504	Consultation Agreements	<u>35,047</u>
	<b>Total U.S. Department of Labor</b>	<u>49,237</u>
	<b>U.S. Environmental Protection Agency:</b>	
66.032	State Indoor Radon Grants	50,943
66.432	State Public Water System Supervision	1,373,037
66.468	Capitalization Grants for Drinking Water State Revolving Fund	<u>5,281,059</u>
	<b>Total U.S. Environmental Protection Agency</b>	<u>6,705,039</u>
	<b>U.S. Department of Education:</b>	
84.181	Special Education - Grants for Infants and Families with Disabilities	<u>3,007,826</u>
	<b>U.S. Department of Health and Human Services:</b>	
93.110	Maternal and Child Health Federal Consolidated Programs	342,086
93.116	Project Grants and Cooperative Agreements for Tuberculosis Control Programs	1,147,912
93.127	Emergency Medical Services for Children	25,469
93.130	Primary Care Services - Resource Coordination and Development Primary Care Offices	235,458
93.136	Injury Prevention and Control Research and State and Community Based Programs	25,681
93.161	Health Program for Toxic Substances and Disease Registry	141,660
93.184	Disabilities Prevention	35,500
93.217	Family Planning - Services	<u>3,673,740</u>

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards.

**STATE OF MISSISSIPPI**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY STATE GRANTEE AGENCY**  
**FOR THE YEAR ENDED JUNE 30, 1998**

<u>CFDA Number</u>	<u>State Agency/Federal Department/Program Name</u>	<u>Federal Expenditures/ Distributions/ Issuances</u>
93.235	Abstinence Education	18,918
93.268 Ñ	Immunization Grants	10,666,612
93.283	Centers for Disease Control and Prevention - Investigations and Technical Assistance	408,003
93.671	Family Violence Prevention and Services/Grants for Battered Women's Shelters - Grants to States and Indian Tribes	427,678
93.777	State Survey and Certification of Health Care Providers and Suppliers	1,259,642
93.913	Grants to States for Operation of Offices of Rural Health	10,494
93.917	HIV Care Formula Grants	1,984,594
93.919	Cooperative Agreements for State-Based Comprehensive Breast and Cervical Cancer Early Detection Programs	30,445
93.940	HIV Prevention Activities - Health Department Based	1,718,111
93.944	Human Immunodeficiency Virus (HIV) / Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance	207,979
93.977 Ñ	Preventive Health Services - Sexually Transmitted Diseases Control Grants	2,431,087
93.988	Cooperative Agreements for State-Based Diabetes Control Programs and Evaluation of Surveillance Systems	237,480
93.991 Ñ	Preventive Health and Health Services Block Grant	2,665,478
93.994	Maternal and Child Health Services Block Grant to the States	<u>9,815,120</u>
	<b>Total U.S. Department of Health and Human Services</b>	<u>37,509,147</u>
	<b>TOTAL HEALTH</b>	<u>97,727,286</u>
	<b><u>HUMAN SERVICES</u></b>	
	<b>U.S. Department of Agriculture:</b>	
10.551 Ñ	Food Stamps	266,214,371
10.561	State Administrative Matching Grants for Food Stamp Program	22,501,583
10.568	Emergency Food Assistance Program (Administrative Costs)	902,989
10.569 Ñ	Emergency Food Assistance Program (Food Commodities)	2,640,165
10.570	Nutrition Program for the Elderly (Commodities)	<u>1,694,573</u>
	<b>Total U.S. Department of Agriculture</b>	<u>293,953,681</u>
	<b>U.S. Department of Housing and Urban Development:</b>	
14.169	Housing Counseling Assistance Program	<u>5,507</u>
	<b>U.S. Department of Labor:</b>	
17.235	Senior Community Service Employment Program	<u>941,650</u>
	<b>Tennessee Valley Authority:</b>	
62.Unknown	Low-Income Pilot Program	<u>64,575</u>
	<b>U.S. Department of Energy:</b>	
81.042	Weatherization Assistance for Low-Income Persons	<u>739,027</u>

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards.

# STATE OF MISSISSIPPI

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY STATE GRANTEE AGENCY FOR THE YEAR ENDED JUNE 30, 1998

CFDA Number	State Agency/Federal Department/Program Name	Federal Expenditures/ Distributions/ Issuances
<b>U.S. Department of Health and Human Services:</b>		
93.041	Special Programs for the Aging - Title VII, Chapter 3 - Programs for Prevention of Elder Abuse, Neglect, and Exploitation	30,482
93.042	Special Programs for the Aging - Title VII, Chapter 2 - Long Term Care Ombudsman Services for Older Individuals	50,002
93.043	Special Programs for the Aging - Title III, Part F - Disease Prevention and Health Promotion Services	93,294
93.044	Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	3,341,253
93.045	Special Programs for the Aging - Title III, Part C - Nutrition Services	3,980,713
93.046	Special Programs for the Aging - Title III, Part D - In-Home Services for Frail Older Individuals	121,721
93.048	Special Programs for the Aging - Title IV - Training, Research and Discretionary Projects and Programs	(523)
93.049	Special Programs for the Aging - Title VII, Chapter 6 - Allotments for Vulnerable Elder Rights Protection Programs	5,834
93.556	Family Preservation and Support Services	2,466,721
93.558	Temporary Assistance for Needy Families	48,265,864
93.563	Child Support Enforcement	12,793,449
93.566	Refugee and Entrant Assistance - State Administered Programs	1,148,968
93.568	Low-Income Home Energy Assistance	9,000,755
93.569	Community Services Block Grant	7,486,609
93.571	Community Services Block Grant Discretionary Awards - Community Food and Nutrition	84,883
93.575	Child Care and Development Block Grant	7,998,663
93.576	Refugee and Entrant Assistance - Discretionary Grants	6,449
93.585	Empowerment Zones Program	176,682
93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund	14,175,162
93.600	Head Start	12,561
93.614	Child Development Associate Scholarships	(650)
93.643	Children's Justice Grants to States	66,136
93.645	Child Welfare Services - State Grants	4,472,979
93.658	Foster Care - Title IV-E	22,563,591
93.659	Adoption Assistance	1,047,141
93.667	Social Services Block Grant	26,442,873
93.669	Child Abuse and Neglect State Grants	352,428
93.672	Community-Based Prevention Program	493
93.673	Grants to States for Planning and Development of Dependent Care Programs	9,064
93.674	Independent Living	490,397
93.779	Health Care Financing Research, Demonstrations and Evaluations	254,900
<b>Total U.S. Department of Health and Human Services</b>		<b>166,938,894</b>
<b>TOTAL HUMAN SERVICES</b>		<b>462,643,334</b>

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards.



**STATE OF MISSISSIPPI**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY STATE GRANTEE AGENCY**  
**FOR THE YEAR ENDED JUNE 30, 1998**

CFDA Number	State Agency/Federal Department/Program Name	Federal Expenditures/ Distributions/ Issuances
<b><u>LIBRARY COMMISSION</u></b>		
	<b>National Foundation on the Arts and the Humanities:</b>	
45.Unknown	Library Services Construction Grants	<u>5,130</u>
	<b>U.S. Department of Education:</b>	
84.034	Public Library Services	890,413
84.035	Interlibrary Cooperation and Resource Sharing	195,916
84.154	Public Library Construction and Technology Enhancement	<u>148,058</u>
	<b>Total U.S. Department of Education</b>	<u>1,234,387</u>
	<b>TOTAL LIBRARY COMMISSION</b>	<u>1,239,517</u>
<b><u>MARINE RESOURCES</u></b>		
	<b>U.S. Department of Commerce:</b>	
11.407	Interjurisdictional Fisheries Act of 1986	66,309
11.419	Coastal Zone Management Administration Awards	523,737
11.420	Coastal Zone Management Estuarine Research Reserves	22,417
11.434	Cooperative Fishery Statistics	73,950
11.452	Unallied Industry Projects	<u>971,732</u>
	<b>Total U.S. Department of Commerce</b>	<u>1,658,145</u>
	<b>U.S. Department of the Interior:</b>	
15.605	Sport Fish Restoration	166,007
15.616	Clean Vessel Act	<u>21,325</u>
	<b>Total U.S. Department of the Interior</b>	<u>187,332</u>
	<b>U.S. Environmental Protection Agency:</b>	
66.461	Wetlands Protection - Development Grants	99,392
66.Unknown	Litter Reduction	<u>6,914</u>
	<b>Total U.S. Environmental Protection Agency</b>	<u>106,306</u>
	<b>TOTAL MARINE RESOURCES</b>	<u>1,951,783</u>
<b><u>MEDICAID</u></b>		
	<b>U.S. Department of Health and Human Services:</b>	
93.777	State Survey and Certification of Health Care Providers and Suppliers	882,594
93.778	Medical Assistance Program	1,328,018,173
93.779	Health Care Financing Research, Demonstrations and Evaluations	<u>(258,823)</u>
	<b>Total U.S. Department of Health and Human Services</b>	<u>1,328,641,944</u>
	<b>TOTAL MEDICAID</b>	<u>1,328,641,944</u>

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards.

**STATE OF MISSISSIPPI**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY STATE GRANTEE AGENCY**  
**FOR THE YEAR ENDED JUNE 30, 1998**

<u>CFDA Number</u>	<u>State Agency/Federal Department/Program Name</u>	<u>Federal Expenditures/ Distributions/ Issuances</u>
<b><u>MENTAL HEALTH</u></b>		
<b>U.S. Department of Health and Human Services:</b>		
93.125	Mental Health Planning and Demonstration Projects	89,370
93.128	Grants for Technical Assistance Activities Related to the Block Grant for Community Mental Health Services - Mental Health Statistics Improvement Program	44,359
93.150	Projects for Assistance in Transition from Homelessness (PATH)	216,729
93.630	Developmental Disabilities Basic Support and Advocacy Grants	870,499
93.958	Block Grants for Community Mental Health Services	2,369,329
93.959	Block Grants for Prevention and Treatment of Substance Abuse	9,765,784
93.Unknown	State Demand and Needs Assessment Studies: Alcohol and Other Drugs (contract)	465,249
93.Unknown	Implementation of Uniform Alcohol and Drug Abuse Data Collection Systems (contract)	42,463
<b>Total U.S. Department of Health and Human Services</b>		<b><u>13,863,782</u></b>
<b>TOTAL MENTAL HEALTH</b>		<b><u>13,863,782</u></b>
<b><u>MILITARY DEPARTMENT</u></b>		
<b>U.S. Department of Defense:</b>		
12.400	Military Construction, National Guard	5,090,387
12.AAC	National Guard Operation and Maintenance	19,184,104
12.AAD	National Guard Special Military Operations and Projects	3,601,194
12.AAF	National Guard Civilian Youth Opportunities Pilot Program	1,591,862
12.AAG	Drug Interdiction and Counter Drug Activities	147,066
12.Unknown	Equipment Concentration Site	854,964
<b>Total U.S. Department of Defense</b>		<b><u>30,469,577</u></b>
<b>TOTAL MILITARY DEPARTMENT</b>		<b><u>30,469,577</u></b>
<b><u>NARCOTICS</u></b>		
<b>Office of National Drug Control Policy:</b>		
07.Unknown	High Intensity Drug Trafficking Area	<u>232,142</u>
<b>U.S. Department of Justice:</b>		
16.Unknown	Domestic Cannabis Eradication/Suppression Program	<u>285,795</u>
<b>TOTAL NARCOTICS</b>		<b><u>517,937</u></b>
<b><u>OIL AND GAS BOARD</u></b>		
<b>U.S. Environmental Protection Agency:</b>		
66.433	State Underground Water Source Protection	<u>42,430</u>
<b>TOTAL OIL AND GAS BOARD</b>		<b><u>42,430</u></b>

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards.

**STATE OF MISSISSIPPI**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY STATE GRANTEE AGENCY**  
**FOR THE YEAR ENDED JUNE 30, 1998**

CFDA Number	State Agency/Federal Department/Program Name	Federal Expenditures/ Distributions/ Issuances
<b><u>PLANT INDUSTRY</u></b>		
	<b>U.S. Department of Agriculture:</b>	
10.025	Plant and Animal Disease, Pest Control, and Animal Care	57,507
10.163	Market Protection and Promotion	<u>32,315</u>
	<b>Total U.S. Department of Agriculture</b>	<u>89,822</u>
	<b>U.S. Environmental Protection Agency:</b>	
66.700	Consolidated Pesticide Enforcement Cooperative Agreements	<u>444,596</u>
	<b>TOTAL PLANT INDUSTRY</b>	<u>534,418</u>
<b><u>PUBLIC SAFETY</u></b>		
	<b>U.S. Department of Justice:</b>	
16.540	Juvenile Justice and Delinquency Prevention - Allocation to States	556,060
16.549	Part E - State Challenge Activities	(882)
16.554	National Criminal History Improvement Program	1,463,865
16.560	Justice Research, Development, and Evaluation Project Grants	63,220
16.575	Crime Victim Assistance	1,788,034
16.579	Byrne Formula Grant Program	3,495,308
16.582	Crime Victim Assistance/Discretionary Grants	14,012
16.588	Violence Against Women Formula Grants	953,802
16.589	Rural Domestic Violence and Child Victimization Enforcement Grant Program	136,246
16.592	Local Law Enforcement Block Grants Program	236,452
16.593	Residential Substance Abuse Treatment for State Prisoners	153,913
16.598	State Identification Systems Grant Program	<u>45,727</u>
	<b>Total U.S. Department of Justice</b>	<u>8,905,757</u>
	<b>U.S. Department of Transportation:</b>	
20.218	Motor Carrier Safety Assistance Program	2,683
20.600	State and Community Highway Safety	1,810,338
20.601	Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants	147,915
20.602	Motorcycle Helmets and Safety Belt Incentive Grants	(4,235)
20.Unknown	Fatal Analysis Reporting System	42,509
20.Unknown	403 Incentive Grant	11,163
20.Unknown	National Driver Registration	<u>5,982</u>
	<b>Total U.S. Department of Transportation</b>	<u>2,016,355</u>
	<b>U.S. Department of Education:</b>	
84.186	Safe and Drug-Free Schools and Communities - State Grants	<u>1,314,116</u>
	<b>TOTAL PUBLIC SAFETY</b>	<u>12,236,228</u>

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards.

**STATE OF MISSISSIPPI**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY STATE GRANTEE AGENCY**  
**FOR THE YEAR ENDED JUNE 30, 1998**

<u>CFDA Number</u>	<u>State Agency/Federal Department/Program Name</u>	<u>Federal Expenditures/ Distributions/ Issuances</u>
<b><u>PUBLIC SERVICE COMMISSION</u></b>		
	<b>U.S. Department of Transportation:</b>	
20.218	Motor Carrier Safety Assistance Program	921,889
20.700	Pipeline Safety	<u>158,825</u>
	<b>Total U.S. Department of Transportation</b>	<u>1,080,714</u>
	<b>TOTAL PUBLIC SERVICE COMMISSION</b>	<u>1,080,714</u>
<b><u>REHABILITATION SERVICES</u></b>		
	<b>U.S. Department of Education:</b>	
84.126	Rehabilitation Services - Vocational Rehabilitation Grants to States	37,777,231
84.128	Rehabilitation Services - Service Projects	235,601
84.169	Independent Living - State Grants	215,670
84.177	Rehabilitation Services - Independent Living Services for Older Individuals Who are Blind	212,250
84.187	Supported Employment Services for Individuals with Severe Disabilities	385,243
84.224	State Grants for Assistive Technology	596,138
84.235	Special Projects and Demonstrations for Providing Vocational Rehabilitation Services to Individuals with Severe Disabilities	215,622
84.265	Rehabilitation Training - State Vocational Rehabilitation Unit In-Service Training	<u>159,385</u>
	<b>Total U.S. Department of Education</b>	<u>39,797,140</u>
	<b>U.S. Department of Health and Human Services:</b>	
93.234	Traumatic Brain Injury	<u>29,477</u>
	<b>Social Security Administration:</b>	
96.001	Social Security - Disability Insurance	<u>19,041,587</u>
	<b>TOTAL REHABILITATION SERVICES</b>	<u>58,868,204</u>
<b><u>SUPREME COURT</u></b>		
	<b>U.S. Department of Health and Human Services:</b>	
93.586	State Court Improvement Program	<u>54,654</u>
	<b>TOTAL SUPREME COURT</b>	<u>54,654</u>
<b><u>TRANSPORTATION</u></b>		
	<b>U.S. Department of Defense:</b>	
12.106	Flood Control Projects	<u>729,730</u>

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards.

**STATE OF MISSISSIPPI**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY STATE GRANTEE AGENCY**  
**FOR THE YEAR ENDED JUNE 30, 1998**

<u>CFDA Number</u>	<u>State Agency/Federal Department/Program Name</u>	<u>Federal Expenditures/ Distributions/ Issuances</u>
	<b>U.S. Department of Transportation:</b>	
20.205	Highway Planning and Construction	214,088,334
20.500	Federal Transit Capital Improvement Grants	309,315
20.505	Federal Transit Technical Studies Grants	142,367
20.509	Public Transportation for Nonurbanized Areas	2,528,404
20.513	Capital Assistance Program for Elderly Persons and Persons with Disabilities	<u>488,196</u>
	<b>Total U.S. Department of Transportation</b>	<u>217,556,616</u>
	<b>TOTAL TRANSPORTATION</b>	<u>218,286,346</u>
	<b><u>VETERANS AFFAIRS BOARD</u></b>	
	<b>U.S. Department of Veterans Affairs:</b>	
64.005	Grants to States for Construction of State Home Facilities	6,571
64.124	All-Volunteer Force Educational Assistance	<u>112,158</u>
	<b>Total U.S. Department of Veterans Affairs</b>	<u>118,729</u>
	<b>TOTAL VETERANS AFFAIRS BOARD</b>	<u>118,729</u>
	<b><u>WILDLIFE, FISHERIES AND PARKS</u></b>	
	<b>U.S. Department of Defense:</b>	
12.Unknown	Wildlife Mitigation Projects (Passed-through from the U.S. Army Corps of Engineers. Identifying number assigned by the pass-through entity - DACW013915435, DACW01391500S, DACW01392411S, DACW01392410S and DACW3891H007S)	<u>1,849,964</u>
	<b>U.S. Department of the Interior:</b>	
15.605	Sport Fish Restoration	3,602,220
15.611	Wildlife Restoration	2,539,367
15.612	Endangered Species Conservation and Recovery	93,659
15.916	Outdoor Recreation - Acquisition, Development and Planning	<u>71,050</u>
	<b>Total U.S. Department of the Interior</b>	<u>6,306,296</u>
	<b>U.S. Department of Transportation:</b>	
20.005	Boating Safety Financial Assistance	<u>816,769</u>
	<b>U.S. Environmental Protection Agency:</b>	
66.606	Surveys, Studies, Investigations and Special Purpose Grants	<u>2,449</u>
	<b>TOTAL WILDLIFE, FISHERIES AND PARKS</b>	<u>8,975,478</u>
	<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>	<b>\$ <u>2,885,546,668</u></b>

Ê The Total Expenditures for CFDA No. 17.225 includes state expenditures of \$103,352,865 and federal expenditures of \$25,557,917.

Ñ Denotes federal programs with non-cash benefits.

(concluded)

See accompanying Notes to the Schedules of Expenditures of Federal Awards.

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**Notes to the  
Schedules of Expenditures of Federal Awards**



## STATE OF MISSISSIPPI

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### NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 1998

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#### **NOTE 1: PURPOSE OF THE SCHEDULES**

Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, requires a schedule of expenditures of federal awards showing total federal awards expended for each individual federal program as identified in the *Catalog of Federal Domestic Assistance* (CFDA). To comply with this requirement, the Department of Finance and Administration required each state agency to prepare and submit a schedule of expenditures of federal awards. Information contained in these schedules was combined by the Department of Finance and Administration to form the accompanying schedules of expenditures of federal awards. Federal programs which have not been assigned a CFDA number have been identified.

#### **NOTE 2: SIGNIFICANT ACCOUNTING POLICIES**

- A. Basis of Presentation - The information in the accompanying schedules of expenditures of federal awards is presented in accordance with OMB Circular A-133. The Schedule of Expenditures of Federal Awards by Federal Department presents a summary of federal awards expended by federal department and CFDA number. The Schedule of Expenditures of Federal Awards by State Grantee Agency presents federal awards expended by recipient agencies of the State of Mississippi.
- **Federal Financial Assistance** - Pursuant to the Single Audit Act Amendments of 1996 (Public Law 104-156) and OMB Circular A-133, federal financial assistance is defined as assistance provided by a federal agency, either directly or indirectly, in the form of grants, cooperative agreements, loans, loan guarantees, property (including donated surplus property), interest subsidies, insurance, direct appropriations or other assistance. Accordingly, nonmonetary federal assistance, including food stamps, food commodities and surplus property, is included in federal financial assistance and, therefore, is reported on the schedules of expenditures of federal awards. Federal financial assistance does not include direct federal cash assistance to individuals or procurement contracts used to buy goods or services from vendors.



## STATE OF MISSISSIPPI

### Notes to the Schedules of Expenditures of Federal Awards (continued)

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- Major Programs - The Single Audit Act Amendments of 1996 and OMB Circular A-133 establish a risk-based approach to determine which federal programs are major based on certain expenditure thresholds and risk criteria. In planning the fiscal year 1998 audit, risk assessments were performed on all federal programs at the completion of the fiscal year 1997 audit. Federal expenditures, distributions or issuances according to the state's Single Audit Report for the fiscal year ended June 30, 1997, totaled \$2,814,124,038. This established the threshold for Type A programs as those whose federal expenditures, distributions or issuances exceed \$8,400,000. Twenty-nine major federal award programs, comprising high risk Type A programs and one half of the high risk Type B programs, were identified for the State of Mississippi. For the fiscal year ended June 30, 1998, program specific audits were performed by independent auditors for both CFDA 66.458 - Capitalization Grants for State Revolving Funds and CFDA 66.468 - Capitalization Grants for Drinking Water State Revolving Fund. These program specific audits were performed under the recommendation in SRF Policy Memorandum 98-1 and within the guidelines of the *EPA Clean Water State Revolving Fund Audit Guide* issued in June 1998 by the United States Environmental Protection Agency.
  - *Catalog of Federal Domestic Assistance* - The *Catalog of Federal Domestic Assistance* (CFDA) is a government-wide compendium of individual federal programs. Each program included in the catalog is assigned a five-digit program identification number (CFDA number) which is reflected in the accompanying schedules.
- B. Reporting Entity - The accompanying schedules include all federal programs administered by the State of Mississippi, except for those programs accounted for in the university funds within the component units section of the financial statements, for the year ended June 30, 1998. Expenditures of federal awards provided to the state's public universities and related entities will be audited in accordance with statutory requirements and the provisions of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and a separate report is scheduled to be issued by July 31, 1999.
- C. Basis of Accounting - Federal programs included in the accompanying schedules are accounted for in the state's governmental and proprietary fund types and expendable trust funds. Governmental fund types and expendable trust funds are accounted for by using the modified accrual basis of accounting and proprietary fund types by using the accrual basis of accounting, in conformity with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

Amounts reflected as distributions in the accompanying schedules for donated federal surplus property are based upon the historical cost as assigned by the federal government. The amounts reflected in the financial statements of the State of Mississippi for the fiscal year ended June 30, 1998, for distributed surplus property are valued at the handling and shipping costs, which more closely approximate fair market value at the date of the transfer of the surplus property to the State of Mississippi.

## STATE OF MISSISSIPPI

### Notes to the Schedules of Expenditures of Federal Awards (continued)

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The value of food commodity distributions on the accompanying schedules was calculated using the U.S. Department of Agriculture, Food and Nutrition Service commodity price list in effect at the date of distribution.

The food stamp issuance amount included in the accompanying schedules is stated at the face value of the food stamp coupons at the date of issuance.

D. Expenditures and Expenses - Certain transactions relating to expenditures of federal awards may appear in records of more than one state grantee agency. To avoid duplication and the overstatement of the aggregate level of federal awards expended by the State of Mississippi, the following policies have been adopted:

1. When monies are received by one state grantee agency and redistributed (expended) to another state grantee agency (i.e., a pass-through of funds by the primary recipient state grantee agency to a subrecipient state grantee agency), the federal financial assistance will be reflected in the primary receiving/expending state grantee agency's accounts.
2. Purchases of services between state grantee agencies using federal monies will be recorded as *expenditures* or *expenses* on the purchasing agency's records and as *revenues* for services rendered on the providing agency's records. Therefore, the expenditure of federal awards is attributed to the purchasing agency, which is the primary receiving/expending state grantee agency.

#### **NOTE 3: OTHER**

- A. The accompanying schedules of expenditures of federal awards include distributions of surplus personal property (CFDA 39.003) of \$8,198,317 and property for counter-drug activities (CFDA 12.Unknown) of \$2,687,074. These distributions were valued at the historical cost assigned by the federal government. These distributions were reported in the financial statements of the State of Mississippi for the year ended June 30, 1998, as charges for sales and services of \$1,044,000. The amount was based upon handling costs which closely approximates the fair market value at the date of transfer to the state.
- B. Expenditures reflected in CFDA 14.228 - Community Development Block Grants/State's Program include payments to Mississippi local governments for community and economic development projects. In subsequent years, program income generated by the use of these funds may be received by the Mississippi Department of Economic and Community Development. When received, these funds will be deposited into a revolving loan fund to be redistributed to the local governments under CFDA 14.228 for program activities, which in turn, generate payments to the fund for use in carrying out future program activities. At June 30, 1998, the outstanding loan balance for the program totaled \$10,837,312. Total disbursements for new loans for the year ended June 30, 1998 totaled \$673,325.

**STATE OF MISSISSIPPI****Notes to the Schedules of Expenditures of Federal Awards (continued)**

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- C. The Unemployment Insurance program (CFDA 17.225) is administered through a unique federal-state partnership that was founded upon federal law, but implemented through state law. For the purposes of presenting the expenditures of this program in the accompanying schedules of expenditures of federal awards, both state and federal funds have been considered federal awards expended as denoted with an Ê to the right of the CFDA number. The breakdown of the state and federal portions of the total program expenditures is as follows:

State Portion	\$ 103,352,865
Federal Portion	<u>25,557,917</u>
Total	\$ <u>128,910,782</u>

- D. Expenditures reflected in CFDA 66.458 - Capitalization Grants for State Revolving Funds - include loans to local governments for developing or constructing water treatment facilities. In subsequent years, local governments will be required to repay these funds to the State of Mississippi. When received, these funds are redistributed to local governments through new loans for additional water treatment facility projects. The outstanding loan balance for the year ended June 30, 1998, was \$149,402,260. Total disbursements for new loans for the year ended June 30, 1998, totaled \$16,266,640. Administrative costs associated with the program for the year ended June 30, 1998, totaled \$1,093,180.
- E. Expenditures reflected in CFDA 66.468 - Capitalization Grants for Drinking Water State Revolving Fund - include loans to counties, municipalities, and other tax exempt water systems organizations for construction of new water systems, the expansion or repair of existing water systems, and/or the consolidation of new or existing water systems. In subsequent years, the entities will be required to repay these funds to the Mississippi Department of Health. When received these funds will be used to make new loans for the program activities. The outstanding loan balance for the year ended June 30, 1998, was \$6,380,109. Total disbursements for new loans made during fiscal year 1998 totaled \$5,788,751. Administrative costs associated with the program for the year ended June 30, 1998, totaled \$520,752.
- F. The accompanying schedules of expenditures of federal awards include \$707,670 in expenditures related to revenue received by the State of Mississippi resulting from the Exxon Oil Overcharge court settlement. The court settlements received and expended by the State of Mississippi for the Stripper Well Overcharge amounting to \$1,074,436 have been included on the schedules of expenditures of federal awards. The financial statements of the State of Mississippi classify the receipt of these monies as court assessments revenue.
- G. All federal expenditures/distributions/issuances included in the accompanying schedules represent assistance received directly from the federal government, unless otherwise noted. Federal financial assistance received indirectly from the federal government (i.e., passed-through from entities outside of the State of Mississippi) is noted parenthetically.

**STATE OF MISSISSIPPI****Notes to the Schedules of Expenditures of Federal Awards (continued)**

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- H. The State of Mississippi's major federal programs for the year ended June 30, 1998, were based on federal expenditures/distributions/issuances and risk assessments as defined in Note 2:A. Those programs are as follows:

**CFDA****Number****Program Name**

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	Food Stamp Cluster:
10.551	Food Stamps
10.561	State Administrative Matching Grants for Food Stamp Program
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children
14.239	HOME Investment Partnerships Program
17.225	Unemployment Insurance
	JTPA Cluster:
17.246	Employment and Training Assistance - Dislocated Workers
17.250	Job Training Partnership Act
20.205	Highway Planning and Construction
66.458	Capitalization Grants for State Revolving Funds
66.468	Capitalization Grants for Drinking Water State Revolving Fund
84.010	Title I Grants to Local Educational Agencies
	Special Education Cluster:
84.027	Special Education - Grants to States
84.173	Special Education - Preschool Grants
84.048	Vocational Education - Basic Grants to States
84.126	Rehabilitation Services - Vocational Rehabilitation Grants to States
84.276	Goals 2000 - State and Local Education Systemic Improvement Grants
93.268	Immunization Grants
93.558	Temporary Assistance for Needy Families
93.563	Child Support Enforcement
93.575	Child Care and Development Block Grant
93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund
93.658	Foster Care - Title IV-E
93.667	Social Services Block Grant

**STATE OF MISSISSIPPI****Notes to the Schedules of Expenditures of Federal Awards (continued)**

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**CFDA  
Number****Program Name**

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	Medicaid Cluster:
93.775	State Medicaid Fraud Control Units
93.777	State Survey and Certification of Health Care Providers and Suppliers
93.778	Medical Assistance Program
93.959	Block Grants for Prevention and Treatment of Substance Abuse
93.994	Maternal and Child Health Services Block Grant to the States
96.001	Social Security - Disability Insurance

- I. State Aid Road Construction is a division of the Mississippi Department of Transportation (MDOT). Federal financial assistance in the amount of \$22,097,255 related to State Aid Road Construction is included on the schedules of expenditures of federal awards under Transportation Department program 20.205 - Highway Planning and Construction.

- J. Noncash Assistance.

The State of Mississippi participated in several federal programs in which noncash benefits were provided through the state to eligible program participants. These noncash benefits programs are identified on the schedules of expenditures of federal awards with a Ñ to the right of the CFDA number. A listing of these programs follows:

**CFDA  
Number****Program Name**

---

10.550	Food Distribution
10.551	Food Stamps
10.569	Emergency Food Assistance Program (Food Commodities)
12.Unknown	Transfer of Excess Personal Property for Counter-Drug Activities
39.003	Donation of Federal Surplus Personal Property
93.268	Immunization Grants
93.977	Preventive Health Services - Sexually Transmitted Diseases Control Grants
93.991	Preventive Health and Health Services Block Grant

- Note:*
- *CFDA 10.570 — Nutrition Program for the Elderly (Commodities) for the elderly is normally a noncash grant; however, the State of Mississippi elected to receive the cash instead (per the grant award).*
  - *CFDA 93.268 — Immunization Grants received \$10,666,612 in both cash assistance and noncash assistance. Cash assistance totaled \$3,947,290 and noncash assistance totaled \$6,719,322.*

## STATE OF MISSISSIPPI

### Notes to the Schedules of Expenditures of Federal Awards (concluded)

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- *CFDA 93.977 — Preventative Health Services - Sexually Transmitted Diseases Control Grants received \$2,431,087 in both cash assistance and noncash assistance. Cash assistance totaled \$1,652,025 and noncash assistance totaled \$779,062.*
- *CFDA 93.991 — Preventive Health and Health Services Block Grant received \$2,665,478 in both cash assistance and noncash assistance. Cash assistance totaled \$2,576,245 and noncash assistance totaled \$89,233.*

K. The National Aeronautics and Space Administration (NASA) donated the Yellow Creek Facility, including furniture, equipment, buildings and land, to the State of Mississippi in fiscal year 1996. These assets are reflected in the general fixed assets account group in the *Comprehensive Annual Financial Report* for the State of Mississippi. NASA also transferred \$10 million in appropriated funds, pursuant to Section 212 of Public Law 104-99, to the State of Mississippi to be used in the transition of the Yellow Creek Facility. Federal requirements were not established regarding the \$10 million other than the monies be expended for the transition of the Yellow Creek Facility. The receipt of the \$10 million was classified in the State of Mississippi's *Fiscal Year 1996 Comprehensive Annual Financial Report* as "other revenue". The State of Mississippi has expended \$3,287,090 of the \$10 million as of fiscal year ended June 30, 1998. The State of Mississippi is not required to return any unused funds to the federal government. These donated assets are deemed not to be federal financial assistance to the State of Mississippi by the Mississippi Department of Economic and Community Development and therefore, are not on the schedules of expenditures of federal awards.

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**Schedule of Findings and Questioned Costs**  
**Part 1 - Summary of Auditor's Results**





STATE OF MISSISSIPPI

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 1998

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PART 1 - SUMMARY OF AUDITOR'S RESULTS

***Financial Statements***

Type of auditor's report issued:

Qualified

Internal control over financial reporting:

- Material weaknesses identified?   X   yes        no
- Reportable conditions identified that are not considered to be material weaknesses?   X   yes        none reported

Noncompliance material to financial statements noted?

       yes   X   no

***Federal Awards***

Internal control over major programs:

- Material weaknesses identified?   X   yes        no
- Reportable conditions identified that are not considered to be material weaknesses?   X   yes        none reported

Type of auditor's report issued on compliance for major programs:

Unqualified for all major programs except state's public universities, for which a separate report will be issued.

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?

  X   yes        no

**STATE OF MISSISSIPPI**  
**Schedule of Findings and Questioned Costs**  
**Part 1 - Summary of Auditor's Results (continued)**

Identification of major programs:

<b>CFDA Number</b>	<b>Program Name</b>
	Food Stamp Cluster:
10.551	Food Stamps
10.561	State Administrative Matching Grants for Food Stamp Program
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children
14.239	HOME Investment Partnerships Program
17.225	Unemployment Insurance
	JTPA Cluster:
17.246	Employment and Training Assistance - Dislocated Workers
17.250	Job Training Partnership Act
20.205	Highway Planning and Construction
66.458	Capitalization Grants for State Revolving Funds
66.468	Capitalization Grants for Drinking Water State Revolving Fund
84.010	Title I Grants to Local Educational Agencies
	Special Education Cluster:
84.027	Special Education - Grants to States
84.173	Special Education - Preschool Grants
84.048	Vocational Education - Basic Grants to States
84.126	Rehabilitation Services - Vocational Rehabilitation Grants to States
84.276	Goals 2000 - State and Local Education Systemic Improvement Grants
93.268	Immunization Grants
93.558	Temporary Assistance for Needy Families
93.563	Child Support Enforcement
93.575	Child Care and Development Block Grant
93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund
93.658	Foster Care - Title IV-E
93.667	Social Services Block Grant
	Medicaid Cluster:
93.775	State Medicaid Fraud Control Units
93.777	State Survey and Certification of Health Care Providers and Suppliers
93.778	Medical Assistance Program

**STATE OF MISSISSIPPI**  
**Schedule of Findings and Questioned Costs**  
**Part 1 - Summary of Auditor's Results (concluded)**

<b><u>CFDA</u></b> <b><u>Number</u></b>	<b><u>Program Name</u></b>
93.959	Block Grants for Prevention and Treatment of Substance Abuse
93.994	Maternal and Child Health Services Block Grant to the States
96.001	Social Security - Disability Insurance

Dollar threshold used to distinguish between  
Type A and Type B programs:

          \$8,400,000          

Auditee qualified as low-risk auditee?

           yes        X   no

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**Schedule of Findings and Questioned Costs**  
**Part 2 - Financial Statement Findings**



STATE OF MISSISSIPPI

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 1998

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PART 2 - FINANCIAL STATEMENT FINDINGS

Introduction

This part of the Schedule of Findings and Questioned Costs presents reportable conditions and material weaknesses that are related to the financial statements and are required to be reported in accordance with *Government Auditing Standards*.

Findings are arranged in order by state agency with material weaknesses listed first. Each finding has one of the following designations:

- **Reportable Condition** - Matters coming to the auditor's attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in the auditor's judgement, could adversely affect the state's ability to record, process, summarize, and report financial data consistent with the assertions of management in the general purpose financial statements.
- **Material Weakness** - A reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected in a timely period by employees in the normal course of performing their assigned functions.

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STATE OF MISSISSIPPI

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 1998

PART 2 - FINANCIAL STATEMENT FINDINGS

**Finding  
Number**

**Finding and Recommendation**

**EMPLOYMENT SECURITY**

***Material Weakness***

98-01

**Data Security Controls Should Be Strengthened**

***Finding:***

Based on a review of the data security at the Mississippi Employment Security Commission, the EDP audit team noted the following internal control weaknesses:

- The agency does not have a software security package installed on the mainframe computer.
- The agency does not restrict programmers and analysts from accessing production data and program files.
- Passwords for users of "dumb terminals" are not required to be changed by the computer.

***Recommendation:***

The EDP audit team recommends the Mississippi Employment Security Commission limit access to data files and programs to those individuals authorized to process or maintain particular systems. The agency should procure and install a mainframe software security package such as "RACF" or "Top Secret." The security software should aid in restricting programmers and analysts from accessing data files and program files.

Since password protection is the first line of defense from computer hackers and unauthorized access, the mainframe system should require users of "dumb terminals" to periodically change their passwords at least every 60 days.



STATE OF MISSISSIPPI  
Schedule of Findings and Questioned Costs  
Part 2 - Financial Statement Findings (continued)

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**Finding  
Number**

**Finding and Recommendation**

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**EMPLOYMENT SECURITY**

***Reportable Condition***

98-02

**Disaster Recovery Controls Should Be Strengthened**

***Finding:***

Based on a review of the Mississippi Employment Security Commission's disaster recovery plan, the EDP audit team noted the following internal control weaknesses:

- There was a lack of risk analysis and prioritization of mission critical applications.
- There was a lack of written agreement or an arrangement for securing an alternate computer facility and replacing essential EDP equipment in case of a disaster.

***Recommendation:***

In order to be prepared in the event of a disaster, the audit team recommends the Mississippi Employment Security Commission test and update the disaster recovery plan annually. In addition, the agency should have a written contract or an agreement with its hardware vendor to replace essential EDP equipment and assure availability of a remote off-site computer facility in case of a disaster.

STATE OF MISSISSIPPI  
Schedule of Findings and Questioned Costs  
Part 2 - Financial Statement Findings (continued)

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<u>Finding Number</u>	<u>Finding and Recommendation</u>
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**EMPLOYMENT SECURITY**

***Reportable Condition***

98-03      Agency Should Develop Methodology for In-House Computer Applications

***Finding:***

The Mississippi Employment Security Commission does not use a structured methodology for designing and developing in-house computer applications.

***Recommendation:***

The EDP audit team recommends the Mississippi Employment Security Commission adopt and implement a formal and structured methodology for designing and developing in-house computer applications. The methodology should include a Systems Development Life Cycle (SDLC) process which includes four major control areas:

- (1)    Systems planning
  - Feasibility study of user requirements
  - Feasibility study of project requirements
- (2)    System design
  - Background study of current system
  - Identification of systems and user requirements
  - Program design and developing code specifications
- (3)    System development
  - Use of structured programming techniques and system testing
  - Prototype model development
  - Walk-through of system
  - Final user acceptance
- (4)    Systems implementation
  - User training
  - User and program documentation

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STATE OF MISSISSIPPI  
Schedule of Findings and Questioned Costs  
Part 2 - Financial Statement Findings (continued)

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**Finding  
Number**

**Finding and Recommendation**

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**FINANCE AND ADMINISTRATION**

***Reportable Condition***

98-04      A Written Disaster Recovery Plan Should Be Developed

***Finding:***

The Department of Finance and Administration - Bureau of Buildings does not have adequate disaster recovery procedures and a related plan to ensure continuity of the Project Accounting and Tracking System. Good EDP internal control standards require that disaster recovery procedures be established to provide orderly and complete recovery of computer applications in case of the inability to use current files, programs and/or hardware. Failure by the agency to develop an adequate plan could impede its ability to successfully provide orderly recovery of vital functions in the event of a hardware or environmental disaster.

***Recommendation:***

We recommend the Department of Finance and Administration - Bureau of Buildings develop and implement an adequate disaster recovery plan documenting procedures to be followed during an emergency. Once the plan is completed, it should be subjected to proper testing and employees should be made aware of their responsibilities in the event of a disaster.

**FINANCE AND ADMINISTRATION**

***Reportable Condition***

98-05      A Year 2000 Compliance Program Should Be Developed and Tested

***Finding:***

The Department of Finance and Administration - Bureau of Buildings has not provided documentation that it has started the process of assessing, planning, modifying, testing, and implementing procedures to insure the Project Accounting and Tracking System is year 2000 compliant. We have requested this information from management, but as of the completion of fieldwork, no information has been provided.

STATE OF MISSISSIPPI  
Schedule of Findings and Questioned Costs  
Part 2 - Financial Statement Findings (continued)

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**Finding  
Number**

**Finding and Recommendation**

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If the agency fails to take timely and appropriate action, it may experience costly and significant application-program failures that could prevent it from performing its normal processing activities.

*Recommendation:*

We recommend the Department of Finance and Administration - Bureau of Buildings take immediate steps to modify and test the Project Accounting and Tracking System for the year 2000 issue. These steps should be monitored closely to ensure completion before system problems might be encountered with the year 2000 operation.

**FINANCE AND ADMINISTRATION**

***Reportable Condition***

98-06

**Controls Over Premium Receipts Should Be Strengthened**

*Finding:*

Our review of procedures over the insurance premium receipts at the Department of Finance and Administration - Office of Insurance revealed one employee was assigned the duties of endorsing the warrants and checks, recording and maintaining the checklog, and tracking late payments. This same employee also issues the "TPA (Third Party Administrator) Report" which is used by the third party administrator in reconciling insurance billings with premium receipts submitted by agencies, schools and libraries. Good internal controls include segregation of duties. The absence of adequate internal controls increases the possibility of irregularities occurring and the potential for misuse of funds.

*Recommendation:*

We recommend the Department of Finance and Administration - Office of Insurance implement control procedures to ensure the proper segregation of duties over premium receipts.

STATE OF MISSISSIPPI  
Schedule of Findings and Questioned Costs  
Part 2 - Financial Statement Findings (continued)

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<u>Finding Number</u>	<u>Finding and Recommendation</u>
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**TREASURY**

***Reportable Condition***

98-11      **Adequate Warrant Reconciliation System Should Be Maintained**

***Finding:***

Warrants issued by the Department of Finance and Administration are routinely presented to various banking institutions for payment. The banks then submit data tapes of state warrants purchased along with the warrants to the State Treasury Department for reimbursement by the State Treasurer from the state demand accounts. The State Treasury Department utilizes a Warrant Reconciliation System to compare warrants presented on tape by the banks to a warrants issued file provided by the Department of Finance and Administration. The Warrant Reconciliation System is a significant processing and control system utilized by the State to ensure that only valid warrants, as presented by the banks, are accepted for processing.

In April 1998, the State Treasury Department was unable to reconcile warrants using the computerized Warrant Reconciliation System for seven consecutive working days during the month. The State Treasurer continued to reimburse banks for warrants based on the tapes that each bank presented for payment. However, at the time the warrants were reimbursed, a reconciliation to ensure the warrants were valid had not been performed. A manual reconciliation was performed after the fact. Again in July 1998, there was a disruption; the Warrant Reconciliation System could not process items with a fiscal year "99" code. The agency once again reimbursed banks for warrants presented without first reconciling to ensure the warrants were valid. Again, a manual reconciliation was performed after the fact. Treasury officials have informed us that the present system will be able to process warrants through fiscal year 1999 but will be unable to process warrants in fiscal year 2000 without substantial changes.

Treasury officials indicated that the system disruptions were the result of significant turnover within its data processing staff, coupled with an application program which had received numerous modifications over years of running on a system initially installed some 36 years ago.

STATE OF MISSISSIPPI  
Schedule of Findings and Questioned Costs  
Part 2 - Financial Statement Findings (continued)

---

**Finding  
Number**

**Finding and Recommendation**

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Good internal controls require that management continually perform a self-assessment of its processing systems in an effort to determine the levels of performance which can be expected of those systems and the abilities of staff to maintain systems for which technology may have surpassed. Without a properly functioning Warrant Reconciliation System, the State Treasury Department could remit funds for improper or unauthorized warrants.

The agency, after assessing that the current system would no longer adequately function, made plans to purchase a new system and is now in the process of testing the new system.

*Recommendation:*

We recommend the State Treasury Department continue efforts to replace the Warrant Reconciliation System at the earliest possible date to ensure that only valid warrants are accepted for processing. We further recommend the State Treasury Department continue to assess system needs to ensure that critical systems are adequate to meet the processing and control requirements of the agency.

STATE OF MISSISSIPPI  
Schedule of Findings and Questioned Costs  
Part 2 - Financial Statement Findings (continued)

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**Finding  
Number**

**Finding and Recommendation**

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**WILDLIFE, FISHERIES AND PARKS**

***Material Weakness***

98-08      **Agency Should Document Changes to Computer File Tables**

***Finding:***

The Mississippi Department of Wildlife, Fisheries and Parks does not consistently keep the "before" images, the changes, and the "after" images of computer file table revisions. The *Control Objectives for Information and Related Technology* (CobiT, Section DO6.6) guideline requires management to ensure adequate documentation is available and an audit trail is maintained of all computer file table changes. Without this documentation, the accuracy and propriety of changes cannot be verified by independent review.

***Recommendation:***

We recommend the Mississippi Department of Wildlife, Fisheries and Parks keep support, including "before" images, changes and "after" images, of all revisions made to computer file tables.

**WILDLIFE, FISHERIES AND PARKS**

***Material Weakness***

98-09      **Reports of Unauthorized Access Attempts Are Not Produced**

***Finding:***

The Mississippi Department of Wildlife, Fisheries and Parks' computer system does not produce reports for the security officer to review user capabilities, unauthorized access attempts or unusual activities. The *Control Objectives for Information and Related Technology* (CobiT, Section DO6.6) guideline requires management to ensure unauthorized access attempts are monitored. Without this monitoring, unauthorized access could be undetected and result in loss of information.



STATE OF MISSISSIPPI  
Schedule of Findings and Questioned Costs  
Part 2 - Financial Statement Findings (concluded)

---

**Finding  
Number**

**Finding and Recommendation**

---

*Recommendation:*

We recommend the Mississippi Department of Wildlife, Fisheries and Parks implement a reporting system to assure the prompt detection of unauthorized users, unauthorized access attempts and unusual activities.

**WILDLIFE, FISHERIES AND PARKS**

***Material Weakness***

98-10

**Licensing Revenue Software Is Not Year 2000 Compliant**

*Finding:*

The Mississippi Department of Wildlife, Fisheries and Parks (agency) is relying on the purchase of a new software package to ensure its license revenue system is year 2000 compliant. Sufficient progress has not been made to guarantee this new software package will be ready before July 1, 1999. In the meantime, the agency cannot provide documentation it has started the process of revising the current licensing revenue software, data, and archived data to be year 2000 compliant. If this software is not made year 2000 compliant, the agency's license collection operations can be significantly disrupted.

*Recommendation:*

We recommend the Mississippi Department of Wildlife, Fisheries and Parks develop and implement a plan immediately to assure its licensing revenue software will be year 2000 compliant.

**Schedule of Findings and Questioned Costs**  
**Part 3 - Federal Award Findings**  
**and Questioned Costs**



## STATE OF MISSISSIPPI

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### SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 1998

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#### PART 3 - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

##### Introduction

This part of the Schedule of Findings and Questioned Costs presents audit findings required to be reported by Section 510 (a) of OMB Circular A-133.

Findings are grouped by federal funding agency with duplicate findings listed when more than one federal agency is involved. Findings within each federal agency are then organized by state agency with material weaknesses, if any, listed first. Other findings within the state agency are listed in order by type of compliance requirement as listed in Section 320 (b) (2) (xii) of OMB Circular A-133.

Each finding has one of the following designations:

- **Immaterial Noncompliance** - Conditions representing noncompliance with the provisions of laws, regulations, contracts, or grant agreements, that do not have a direct and material effect on a major federal program.
- **Reportable Condition** - Matters coming to the auditor's attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in the auditor's judgement, could adversely affect the state's ability to administer a major federal program in accordance with applicable requirements of laws, regulations, contracts and grants.
- **Material Weakness** - A reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected in a timely period by employees in the normal course of performing their assigned functions.

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STATE OF MISSISSIPPI

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 1998

PART 3 - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

U.S. DEPARTMENT OF AGRICULTURE

CFDA/Finding  
Number

Finding and Recommendation

HEALTH

ALLOWABLE COSTS/COST PRINCIPLES

*Material Weakness*

10.557	Special Supplemental Nutrition Program for Women, Infants, and Children
93.268	Immunization Grants
93.994	Maternal and Child Health Services Block Grant to the States

Federal Award Number and Year: Various

98-15	<u>Data Security Controls Should Be Strengthened</u>
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*Finding:*

The Mississippi State Department of Health (agency) established a time study system to collect and analyze employee time report data to identify time worked by activities. The WANG computer system is used to input information for the time study system. Our review of data security for the WANG computer system indicated the following internal control weaknesses:

- The time study coordinator was not restricted from accessing live data.
- The WANG security system, included with the operating system, was not being fully utilized.
- The system did not maintain an automated log or journal to record or monitor access to program documentation, systems software, production programs, production data files, on-line application systems, databases, or password tables.
- The system did not require user passwords to be changed on a regular basis.

STATE OF MISSISSIPPI

Schedule of Findings and Questioned Costs

Part 3 - Federal Award Findings and Questioned Costs (continued)

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U.S. DEPARTMENT OF AGRICULTURE (continued)

CFDA/Finding  
Number

Finding and Recommendation

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- The WANG system analyst assigned passwords to all users.
- The system did not limit the number of invalid access attempts or allow invalid access attempts to be identified, logged or investigated.

Guidelines for data security have been established in the Control Objectives for Information and Related Technology (CobiT, Section DS5). Without these controls, the agency's WANG computer system may be susceptible to computer abuse.

*Recommendation:*

We recommend the Mississippi State Department of Health develop data security controls over the WANG computer system. These controls should include, but are not limited to, the following:

- Access to live data should be limited to those individuals authorized to process or maintain particular systems. When access is necessary, the agency should maintain an audit trail and document supervisory approval.
- The existing WANG security system should be used to the full extent of its capabilities. If the existing system is inadequate, another product should be obtained. The security software package should help in restricting unauthorized personnel from accessing live data. The security software should also include an automated log or journal that would record or monitor access to program documentation, systems software, production programs, production data files, on-line application systems, databases, and password tables.

**STATE OF MISSISSIPPI**

**Schedule of Findings and Questioned Costs**

**Part 3 - Federal Award Findings and Questioned Costs (continued)**

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**U.S. DEPARTMENT OF AGRICULTURE (concluded)**

**CFDA/Finding  
Number**

**Finding and Recommendation**

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- Since password protection is the first line of defense against computer hackers and unauthorized access, the system should require all users to periodically change their passwords at least every 60 days.
- A log identifying invalid access attempts should be maintained and periodically reviewed. The number of invalid access attempts by computer users should be limited to three.

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STATE OF MISSISSIPPI  
Schedule of Findings and Questioned Costs  
Part 3 - Federal Award Findings and Questioned Costs (continued)

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U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

CFDA/Finding  
Number

Finding and Recommendation

---

**ECONOMIC AND COMMUNITY DEVELOPMENT**

**MATCHING, LEVEL OF EFFORT, EARMARKING**

***Reportable Condition***

14.239

HOME Investment Partnerships Program

Federal Award Number and Year: M93SG280100, 1993

98-26

Documentation of Earmarking Requirements Should Be Maintained

***Finding:***

The Mississippi Department of Economic and Community Development did not adequately document that at least 90 percent of the families receiving assistance (or the dwelling units assisted) with HOME Investment Partnerships Program funds have incomes that do not exceed 60 percent of the median income for the area. As a result, we could not determine that earmarking requirements were met.

The Code of Federal Regulations (24 CFR 92.216) established specific requirements for earmarking HOME program funds.

Good internal controls would include policies and procedures to ensure documentation is prepared and maintained to support compliance with the earmarking requirements.

***Recommendation:***

We recommend the Mississippi Department of Economic and Community Development establish procedures to ensure summary data is maintained to document compliance with earmarking requirements. This data should be sufficiently detailed and logically organized to facilitate audit review.

STATE OF MISSISSIPPI  
Schedule of Findings and Questioned Costs  
Part 3 - Federal Award Findings and Questioned Costs (continued)

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U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (concluded)

CFDA/Finding  
Number

Finding and Recommendation

---

**ECONOMIC AND COMMUNITY DEVELOPMENT**

**SPECIAL TESTS AND PROVISIONS**

***Reportable Condition***

14.239

HOME Investment Partnerships Program

Federal Award Number and Year: M92SG280100, 1992  
M93SG280100, 1993  
M94SG280100, 1994

98-27

Internal Controls over On-Site Inspections Should Be Strengthened

***Finding:***

The Code of Federal Regulations (24 CFR 92.504) required the Mississippi Department of Economic and Community Development (agency) to perform on-site inspections of rental housing assisted with HOME Investment Partnerships Program funds. The agency did not have adequate procedures in place to ensure these inspections were performed during the period of affordability.

Good internal controls dictate procedures should be in place to ensure on-site inspections are performed timely and documented. Without timely inspections, quality standards may not be maintained, and repairs may not be completed when needed. Without proper documentation, we could not determine that required inspections had been performed.

***Recommendation:***

We recommend the Mississippi Department of Economic and Community Development implement procedures to ensure on-site inspections are performed timely to ensure compliance with property standards for the HOME Investment Partnerships Program. We further recommend documentation of these inspections be maintained in an auditable form.

STATE OF MISSISSIPPI  
Schedule of Findings and Questioned Costs  
Part 3 - Federal Award Findings and Questioned Costs (continued)

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U.S. DEPARTMENT OF EDUCATION

CFDA/Finding  
Number

Finding and Recommendation

---

**EDUCATION**

**SUBRECIPIENT MONITORING**

***Reportable Condition***

84.010

Title I Grants to Local Educational Agencies

Federal Award Number and Year: S010A70024-97A, 1997  
S010A70024-97C, 1997

98-23

Internal Controls over Subrecipient Monitoring Should Be Strengthened

***Finding:***

Testwork performed on the Title I Grants to Local Educational Agencies program for fiscal year 1998 at the Mississippi State Department of Education revealed the following:

- The agency does not have adequate written policies and procedures in place for monitoring school districts with an accreditation rating of level 3, 4, or 5.
- There are no established procedures in place to ensure that all deficiencies noted during monitoring visits are resolved.
- Monitoring documentation is not maintained in a centralized location.

Good internal controls dictate policies and procedures be in place to ensure that subrecipients of federal funds are monitored for compliance with federal requirements, deficiencies noted during the monitoring process are corrected in a timely manner, and a central record-keeping system is used to ensure proper maintenance and easy access to monitoring documentation.

Failure to maintain a proper system for monitoring subrecipients could allow noncompliance with federal requirements or mismanagement of federal funds to occur without being detected in a timely manner. Also, without proper maintenance of records, documentation of monitoring visits may not be available for audit review.

STATE OF MISSISSIPPI  
Schedule of Findings and Questioned Costs  
Part 3 - Federal Award Findings and Questioned Costs (continued)

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U.S. DEPARTMENT OF EDUCATION (continued)

CFDA/Finding  
Number

Finding and Recommendation

---

*Recommendation:*

We recommend the Mississippi State Department of Education establish written policies and procedures to ensure all school districts participating in the Title I Grants to Local Educational Agencies program are monitored for compliance with federal requirements and all deficiencies noted are properly resolved. We further recommend the agency implement a central record-keeping system for all monitoring documents.

**EDUCATION**

**SUBRECIPIENT MONITORING**

***Reportable Condition***

84.276 Goals 2000 - State and Local Education Systemic Improvement Grants

Federal Award Number and Year: S276A60024-96A, 1996  
S010A60024-96B, 1996

98-24 Internal Controls over Subrecipient Monitoring Should Be Strengthened

*Finding:*

Testwork performed at the Mississippi State Department of Education revealed the agency does not have written policies or procedures in place for monitoring subrecipients of the Goals 2000 - State and Local Education Systemic Improvement Grants program. Some subrecipients did receive on-site visits during fiscal year 1998, however, no monitoring document addressing federal requirements was used.

Good internal controls over monitoring include written policies and procedures and documentation of monitoring performed. An inadequate system for monitoring subrecipients could allow noncompliance with federal requirements and mismanagement of federal funds to exist and go undetected.

The Common Rule for Uniform Administrative Requirements for Grants states "grantees are responsible for managing the day-to-day operations of grant and subgrant supported activities. Grantees must monitor grant and subgrant supported activities to assure compliance with applicable federal requirements and that performance goals are being achieved."

**STATE OF MISSISSIPPI**

**Schedule of Findings and Questioned Costs**

**Part 3 - Federal Award Findings and Questioned Costs (continued)**

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**U.S. DEPARTMENT OF EDUCATION (continued)**

**CFDA/Finding  
Number**

**Finding and Recommendation**

---

*Recommendation:*

We recommend the Mississippi State Department of Education establish written policies and procedures for monitoring all subrecipients of the Goals 2000 - State and Local Education Systemic Improvement Grants program to address the timing of monitoring visits, extent of the reviews, follow-up procedures to be performed, and type of written reports to be issued at the completion of the reviews.

**EDUCATION**

**SPECIAL TESTS AND PROVISIONS**

***Reportable Condition***

84.010

Title I Grants to Local Educational Agencies

Federal Award Number and Year: S010A70024-97A, 1997  
S010A70024-97C, 1997

98-25

**Agency Should Ensure Comparability Requirement Is Met**

*Finding:*

Section 1120A of the General Education Provisions Act (Public Law 103-382) states "a local educational agency may receive funds under this part only if State and local funds will be used in schools served under this part to provide services that, taken as a whole, are at least comparable to services in schools that are not receiving funds under this part." The Mississippi State Department of Education has established policies and procedures to ensure compliance with the comparability requirement for school districts participating in the Title I Grants to Local Educational Agencies program with an accreditation rating of level 1 and 2, however, there are no policies and procedures for school districts with an accreditation rating level of 3, 4, or 5. Without proper review of all school districts, the agency cannot verify compliance with this requirement.

Good internal controls dictate that policies and procedures be in place to ensure all subrecipients comply with program requirements.

STATE OF MISSISSIPPI

Schedule of Findings and Questioned Costs

Part 3 - Federal Award Findings and Questioned Costs (continued)

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U.S. DEPARTMENT OF EDUCATION (continued)

CFDA/Finding  
Number

Finding and Recommendation

---

*Recommendation:*

We recommend the Mississippi State Department of Education establish procedures to ensure subrecipients of the Title 1 Grants to Local Educational Agencies program comply with the comparability requirement.

**REHABILITATION SERVICES**

**ALLOWABLE COSTS / COST PRINCIPLES**

***Reportable Condition***

84.126 Rehabilitation Services - Vocational Rehabilitation Grants to States  
96.001 Social Security - Disability Insurance

Federal Award Number and Year: Various

98-38 Procedures Should Be Developed to Adequately Support Salary and Wage Costs

*Finding:*

The Mississippi Department of Rehabilitation Services did not have a system in place to adequately document the salaries and wages charged to its federal programs. There was no time reporting system in place whereby employees documented time spent on grant related activities.

According to Office of Management and Budget Circular A-87, Attachment B, subsection B.11.h, charges to federal awards for salaries and wages, whether treated as direct or indirect, will be based on documented payrolls and certifications. When employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports or equivalent documentation which meets the prescribed standards, unless a statistical sampling system or other substitute has been approved by the granting federal agency. Such documentary support will be required when employees work on more than one federal award and / or a federal award and non-federal award. When an employee works solely on a single award, charges for their salaries will be supported by semi-annual certifications signed by the employee certifying they worked solely on that program for the period covered by the certification.

**CFDA/Finding  
Number**

### **Finding and Recommendation**

**Recommendation:**

## REHABILITATION SERVICES

## SPECIAL TESTS AND PROVISIONS

**Reportable Condition**

Federal Award Number and Year: H126A 80034-98B, 1998  
H126A 70034-97A, 1997

**Finding:**

73

**STATE OF MISSISSIPPI**

**Schedule of Findings and Questioned Costs**

**Part 3 - Federal Award Findings and Questioned Costs (continued)**

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**U.S. DEPARTMENT OF EDUCATION (concluded)**

**CFDA/Finding  
Number**

**Finding and Recommendation**

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During our review of case files for the Rehabilitation Services - Vocational Rehabilitation Grants to States (VR) program at the Mississippi Department of Rehabilitation Services, we noted neither the standard individualized written rehabilitation program (IWRP) nor the case notes provided enough information to document whether comparable services and benefits were sought from other programs by the counselor before providing VR services and benefits to the individual. We also noted two instances in which an individual was identified as having medical insurance, but there was no documentation indicating the insurance company had been contacted by the counselor to determine whether the insurance would or would not pay on the services.

By utilizing comparable services and benefits under other programs, costs to the VR program would be reduced.

*Recommendation:*

We recommend the Mississippi Department of Rehabilitation Services ensure the case files for the VR program include enough support to document what the counselor did to determine whether comparable services and benefits existed under any other program and whether these services or benefits were available to the individual. This could be achieved by developing a checklist form which lists other programs providing comparable services and benefits. This form should include explanations by the counselor indicating why the program was or was not available to the individual.



STATE OF MISSISSIPPI  
Schedule of Findings and Questioned Costs  
Part 3 - Federal Award Findings and Questioned Costs (continued)

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U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

CFDA/Finding  
Number

Finding and Recommendation

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HEALTH

**ALLOWABLE COSTS/COST PRINCIPLES**

***Material Weakness***

10.557	Special Supplemental Nutrition Program for Women, Infants, and Children
93.268	Immunization Grants
93.994	Maternal and Child Health Services Block Grant to the States

Federal Award Number and Year: Various

98-15

Data Security Controls Should Be Strengthened

***Finding:***

The Mississippi State Department of Health (agency) established a time study system to collect and analyze employee time report data to identify time worked by activities. The WANG computer system is used to input information for the time study system. Our review of data security for the WANG computer system indicated the following internal control weaknesses:

- The time study coordinator was not restricted from accessing live data.
- The WANG security system, included with the operating system, was not being fully utilized.
- The system did not maintain an automated log or journal to record or monitor access to program documentation, systems software, production programs, production data files, on-line application systems, databases, or password tables.
- The system did not require user passwords to be changed on a regular basis.

STATE OF MISSISSIPPI  
Schedule of Findings and Questioned Costs  
Part 3 - Federal Award Findings and Questioned Costs (continued)

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U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)

CFDA/Finding  
Number

Finding and Recommendation

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- The WANG system analyst assigned passwords to all users.
- The system did not limit the number of invalid access attempts or allow invalid access attempts to be identified, logged or investigated.

Guidelines for data security have been established in the Control Objectives for Information and Related Technology (CobiT, Section DS5). Without these controls, the agency's WANG computer system may be susceptible to computer abuse.

*Recommendation:*

We recommend the Mississippi State Department of Health develop data security controls over the WANG computer system. These controls should include, but are not limited to, the following:

- Access to live data should be limited to those individuals authorized to process or maintain particular systems. When access is necessary, the agency should maintain an audit trail and document supervisory approval.
- The existing WANG security system should be used to the full extent of its capabilities. If the existing system is inadequate, another product should be obtained. The security software package should help in restricting unauthorized personnel from accessing live data. The security software should also include an automated log or journal that would record or monitor access to program documentation, systems software, production programs, production data files, on-line application systems, databases, and password tables.
- Since password protection is the first line of defense against computer hackers and unauthorized access, the system should require all users to periodically change their passwords at least every 60 days.
- A log identifying invalid access attempts should be maintained and periodically reviewed. The number of invalid access attempts by computer users should be limited to three.

STATE OF MISSISSIPPI

Schedule of Findings and Questioned Costs

Part 3 - Federal Award Findings and Questioned Costs (continued)

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U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)

CFDA/Finding  
Number

Finding and Recommendation

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HUMAN SERVICES

**ALLOWABLE COSTS / COST PRINCIPLES**

*Immaterial Noncompliance*

93.658

Foster Care - Title IV-E

Federal Award Number and Year: 9801-MS-1401, 1998  
9801-MS-1404, 1998

Questioned Costs: \$1,056,918

98-28

Contingency Based Costs Are Not Allowable

*Finding:*

The Mississippi Department of Human Services paid a third party contractor \$2,113,836 in fiscal year 1998 for retroactive eligibility determinations made for the Foster Care Title IV-E federal program. These payments represented a percentage of federal funds recovered as a result of the contractor's efforts.

Office of Management Budget Circular A-87, Attachment B, Subsection 33.a., states "Costs of professional and consultant services ...are allowable...when not contingent upon recovery of the costs from the Federal Government".

Since federal reimbursement for contingency based contracts was not an allowable cost for the Foster Care program, the state agency improperly received \$1,056,918 in federal funds for the \$2,113,836 paid to this third party contractor.

*Recommendation:*

We recommend the Mississippi Department of Human Services reimburse the federal grantor \$1,056,918 for federal funds improperly received. In addition, we recommend the agency stop any further expenditure of federal funds for contingency based contracts.

STATE OF MISSISSIPPI

Schedule of Findings and Questioned Costs

Part 3 - Federal Award Findings and Questioned Costs (continued)

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U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)

CFDA/Finding

Number

Finding and Recommendation

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HUMAN SERVICES

**ALLOWABLE COSTS / COST PRINCIPLES**

*Immaterial Noncompliance*

93.558	Temporary Assistance for Needy Families
93.563	Child Support Enforcement
93.575	Child Care and Development Block Grant
93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund
93.658	Foster Care - Title IV-E
93.667	Social Services Block Grant

Federal Award Number and Year: Various

Questioned Costs: \$0

98-29	<u>Cost Allocation Plan Should Be Amended Timely</u>
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*Finding:*

Testwork on the cost allocation plan at the Mississippi Department of Human Services (agency) revealed the agency had over \$1 million in costs charged during fiscal year 1998 to 14 cost pools that had not been approved by the federal government. The agency did not submit information to the federal government for approval of these cost pools.

Office of Management and Budget Circular A-87, Attachment A, requires the distribution of any joint costs related to a grant program to be supported by a cost allocation plan. All costs included in the plan should be supported by formal accounting records. Any costs charged to a cost pool that is not approved by the federal grantor agency may result in unallowed costs.

*Recommendation:*

As the Mississippi Department of Human Services becomes aware of the need for additional changes to its cost allocation plan, we recommend the agency request federal approval and provide any necessary information to the federal government immediately to ensure such charges are approved timely.

STATE OF MISSISSIPPI  
Schedule of Findings and Questioned Costs  
Part 3 - Federal Award Findings and Questioned Costs (continued)

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U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)

CFDA/Finding  
Number

Finding and Recommendation

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**HUMAN SERVICES**

**CASH MANAGEMENT**

***Reportable Condition***

93.667

Social Services Block Grant

Federal Award Number and Year: G9801 MSSOSR, 1998

98-30

Controls Should Be Established to Ensure Treasury-State Agreement Is Followed

***Finding:***

Testwork performed on the Cash Management Improvement Act at the Mississippi Department of Human Services for fiscal year 1998 revealed the agency was not requesting federal funds for the Social Services Block Grant (SSBG) program costs in accordance with the Treasury-State Agreement.

An amendment to the Treasury-State Agreement effective July 1, 1996, changed the average day of clearance for the SSBG program from two days to four days. However, in two of four federal cash draws tested the agency requested funds for SSBG program costs using a three-day clearance pattern. Good internal controls dictate procedures should be in place to ensure the Treasury-State Agreement is followed.

***Recommendation:***

We recommend the Mississippi Department of Human Services establish control procedures to ensure the Treasury-State Agreement is followed.

STATE OF MISSISSIPPI  
Schedule of Findings and Questioned Costs  
Part 3 - Federal Award Findings and Questioned Costs (continued)

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U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)

<u>CFDA/Finding Number</u>	<u>Finding and Recommendation</u>
	<b><u>HUMAN SERVICES</u></b>
	<b>ELIGIBILITY</b>
	<b><i>Reportable Condition</i></b>
93.658	Foster Care - Title IV-E  Federal Award Number and Year: 9801-MS-1401, 1998 9801-MS-1404, 1998
98-31	<u>Case Files Should Be Reviewed for Accuracy</u>  <i>Finding:</i>  Client cases determined eligible for the Foster Care Title IV-E program by an independent contractor for the Mississippi Department of Human Services were not routinely reviewed by the state agency for accuracy.  The agreement between the state agency and the independent contractor required the state agency to pay the contractor 15 percent (in fiscal year 1998) of any additional federal funds obtained by the state agency as a result of any foster care cases being retroactively determined eligible for the Title IV-E program.  Agency personnel conducted an initial review of the contractor's work at the beginning of the contract. However, the state agency did not have controls in place to monitor the accuracy of the contractor's work on a continuing basis.  Good internal controls dictate the state agency implement appropriate procedures to ensure the accuracy and completeness of data used to determine eligibility. Lack of internal controls over the review of the contractor's work by the agency could lead to Foster Care cases incorrectly being determined eligible for the Title IV-E program. Incorrect determinations would result in disallowance of related costs by the federal funding agency.  <i>Recommendation:</i>  We recommend the Mississippi Department of Human Services implement controls to review client case files on a continuing basis to ensure clients have been properly determined eligible for participation in the Foster Care Title IV-E program by the independent contractor.

STATE OF MISSISSIPPI  
Schedule of Findings and Questioned Costs  
Part 3 - Federal Award Findings and Questioned Costs (continued)

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U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)

CFDA/Finding  
Number

Finding and Recommendation

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**HUMAN SERVICES**

**REPORTING**

***Immaterial Noncompliance***

93.563

Child Support Enforcement

Federal Award Number and Year: 9804-MS-4004, 1998

Questioned Costs: \$0

98-32

Adjustments to OCSE-34 Report Should Be Supported

***Finding:***

The Mississippi Department of Human Services, Division of Child Support Enforcement, was required to submit a quarterly report on collections (OCSE-34). This information was required to obtain a grant award under Title IV-A and IV-D of the Social Security Act. Our review of the report issued for the quarter ended March 1998 revealed unsupported adjustments totaling \$1,133,314 to collections. Since documentation was not kept, we could not determine that the adjustments were reasonable and proper.

***Recommendation:***

We recommend the Mississippi Department of Human Services maintain supporting documentation for all amounts included on federal reports. This documentation should be sufficiently detailed and logically organized in order to facilitate audit review.

STATE OF MISSISSIPPI  
Schedule of Findings and Questioned Costs  
Part 3 - Federal Award Findings and Questioned Costs (continued)

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U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)

CFDA/Finding Number	Finding and Recommendation
	<b><u>HUMAN SERVICES</u></b>
	<b>REPORTING</b>
	<b><i>Reportable Condition</i></b>
93.575	Child Care and Development Block Grant  Federal Award Number and Year: G94B1MSCARE, 1994 G95B1MSCARE, 1995 G96B1MSCARE, 1996
98-33	<u>CCDBG Federal Reports Should Agree with Agency Records</u>  <i>Finding:</i>  Expenditures reported to the federal grantor for the period ended September 30, 1997, by the Mississippi Department of Human Services (agency) on the Child Care and Development Block Grant (CCDBG) annual report (ACF-700) and financial status reports (FSR-269) did not agree with the agency's records. In the reports, administrative expenditures were transferred between grant years so they would not exceed maximum limits for administrative expenditures for any one grant year. Although amounts on the reports reflected these transfers, agency records were not adjusted for these transfers.  Indirect costs were allocated based on the department's cost allocation system. Indirect costs allocated to the CCDBG program were allocated by reporting category by grant year. Since indirect costs were only allocated after each quarter ended, CCDBG program personnel may not have known they exceeded the administrative expenditure limit until after the quarter.  Although it did not appear the maximum administrative expenditure levels had been exceeded for the CCDBG program as a whole, agency accounting records reflected administrative expenditures levels had been exceeded in particular grant years. Since agency accounting records were not adjusted, federal reports differed from accounting records. This same control weakness was noted in the 1997 <u>Single Audit Report</u> .  Good internal controls dictate financial information reported to the federal grantor should agree with agency records. Control procedures should be in place to ensure agency records accurately reflect actual expenditures as reported to the federal grantor.



STATE OF MISSISSIPPI

Schedule of Findings and Questioned Costs

Part 3 - Federal Award Findings and Questioned Costs (continued)

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U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)

CFDA/Finding  
Number

Finding and Recommendation

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*Recommendation:*

We recommend the Mississippi Department of Human Services establish control procedures to ensure agency records accurately reflect expenditures as reported to the federal grantor. Differences between the agency's accounting records and federal reports should be resolved immediately after they are identified.

**HUMAN SERVICES**

**REPORTING**

***Reportable Condition***

93.658

Foster Care - Title IV-E

Federal Award Number and Year: 9801-MS-1401, 1998  
9801-MS-1404, 1998

98-34

Foster Care Program Expenditure Reports and Agency Records Should Be Accurate

*Finding:*

The following weaknesses were noted with financial reporting for the Foster Care Title IV-E program at the Mississippi Department of Human Services in fiscal year 1998:

- Maintenance payments recorded on the federal expenditure report per the accounting interface reports did not include manual checks.
- Some program costs recorded on the federal expenditure reports were obtained from a third party contractor. In fiscal year 1998, the agency did not adjust its accounting records to reflect these additional costs.

Good internal controls would ensure the agency's accounting records accurately reflect actual expenditures and amounts reported to the federal grantor. Without accurate accounting records to document program costs, amounts reported to the federal grantor may be determined to be unallowable.

STATE OF MISSISSIPPI  
Schedule of Findings and Questioned Costs  
Part 3 - Federal Award Findings and Questioned Costs (continued)

---

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)

CFDA/Finding  
Number

Finding and Recommendation

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This same control weakness was communicated in writing to the agency's management at the conclusion of the 1997 single audit.

*Recommendation:*

We recommend the Mississippi Department of Human Services develop procedures to reconcile and adjust the agency's accounting records for amounts recorded on federal expenditure reports to account for manual checks and expenditures recorded by the third party contractor.

**HUMAN SERVICES**

**SUBRECIPIENT MONITORING**

***Reportable Condition***

93.558	Temporary Assistance for Needy Families
93.575	Child Care and Development Block Grant
93.596	Child Care Mandatory Matching Funds of the Child Care and Development Fund
93.667	Social Services Block Grant

Federal Award Number and Year: Various

98-35	<u>Controls Should Be Strengthened for Monitoring Subrecipient Audit Requirements</u>
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*Finding:*

The Mississippi Department of Human Services provided separate subrecipients \$300,000 or more of federal financial assistance through a variety of federal programs during the fiscal year 1997. Office of Management and Budget Circular A-133 required the primary recipient of federal funds to determine whether subrecipients had met the appropriate audit requirements. In addition, the Circular required the primary recipient to issue a management decision on audit findings within six months after receipt of the subrecipient's audit report and to ensure the subrecipient took appropriate and timely corrective action.

STATE OF MISSISSIPPI  
Schedule of Findings and Questioned Costs  
Part 3 - Federal Award Findings and Questioned Costs (continued)

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U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)

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Number

Finding and Recommendation

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Our review of internal controls for fiscal year 1998 indicated the following:

- Although the agency implemented controls to remind subrecipients of audit requirements, the timing of reminder letters was inadequate. These letters were sent after many subrecipients' audits were already delinquent. The reminder letters for 1997 audit reports were sent in December, 1998, two to five months after these reports were due.
- The agency had not implemented an effective procedure for documenting the fiscal year-end for each subrecipient. The subrecipient's fiscal year-end was obtained from the subrecipient's audit report or from an information form submitted by the subrecipient after its fiscal year ended.

Based on our testwork, three of ten subrecipients tested submitted their 1997 audit reports untimely, and the agency did not perform timely follow-up on five of ten subrecipients tested.

Without adequate controls over the submission of audit reports and the follow-up of audit findings, federal noncompliance by subrecipients could occur and not be detected timely.

*Recommendation:*

We recommend the Mississippi Department of Human Services take the following steps to continue its efforts to improve internal controls for monitoring subrecipients:

- Develop specific procedures for documenting the subrecipient's fiscal year-end. This information should be used to ensure subrecipient audits are received timely according to federal audit requirements.
- Mail letters to subrecipients approximately two to three months prior to the due date of the audit reports to remind them of the single audit requirements.
- Implement procedures to ensure the appropriate program division within the agency follows-up on subrecipient audit findings within six months of receipt of the report by the agency.

STATE OF MISSISSIPPI  
Schedule of Findings and Questioned Costs  
Part 3 - Federal Award Findings and Questioned Costs (continued)

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U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)

CFDA/Finding  
Number

Finding and Recommendation

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**HUMAN SERVICES**

**SPECIAL TESTS AND PROVISIONS**

***Immaterial Noncompliance***

93.563

Child Support Enforcement

Federal Award Number and Year: G-98-04-MS-4004, 1998

Questioned Costs: \$0

98-36

Agency Should Follow Established Policies for the Child Support Enforcement Program

*Finding:*

Testwork performed on 350 cases in the Division of Child Support Enforcement at the Mississippi Department of Human Services by the agency's Bureau of Audit and Evaluation revealed the following instances of noncompliance with federal regulations:

- Establishment of Support Orders - In 55 of 164 cases, support orders were not established within 90 calendar days of locating the noncustodial parent.
- Enforcement of Support Orders - Appropriate enforcement action was not initiated within the required time frame for 27 of 186 cases.
- Health Insurance - In 12 of 58 cases, either health insurance was not verified for the absent parent, support orders were not enforced where medical insurance was available, or requests made were not to an insurance provider regarding coverage.

In addition, case files could not be located for four files requested.

The Code of Federal Regulations (45 CFR 303) prescribes standards for Child Support Enforcement program operations. Failure to comply with these standards could lead to sanctions by the federal funding authority.

STATE OF MISSISSIPPI  
Schedule of Findings and Questioned Costs  
Part 3 - Federal Award Findings and Questioned Costs (continued)

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U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)

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Number

Finding and Recommendation

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*Recommendation:*

We recommend the Mississippi Department of Human Services adhere to existing policies and procedures regarding special federal regulations for the Child Support Enforcement program. In addition, greater care should be exercised in the handling of case files to ensure case files are maintained and readily available upon request.

**HUMAN SERVICES**

**SPECIAL TESTS AND PROVISIONS**

***Reportable Condition***

93.563

Child Support Enforcement

Federal Award Number and Year: 9804-MS-4004, 1998

98-37

Internal Controls over METSS Bank Accounts Should Be Improved

*Finding:*

The Mississippi Department of Human Services implemented the Mississippi Enforcement and Tracking of Support System (METSS) to monitor child support enforcement and collection activities. As part of this system, the agency established METSS bank accounts in each county office and at the state office. Our review of the policies and procedures related to these METSS bank accounts revealed the following weaknesses:

- METSS Bank Reconciliations  
The reconciliation process for the METSS bank account was not adequate to ensure the amounts being transferred out of the county bank accounts agreed with the amounts being transferred into the state bank account.
- Separation of Duties in State Offices  
Separation of duties for the METSS state office bank account transactions was not adequate. One individual had responsibility for setting up new accounts, changing existing accounts, deleting accounts, and initiating transfers.

STATE OF MISSISSIPPI

Schedule of Findings and Questioned Costs

Part 3 - Federal Award Findings and Questioned Costs (continued)

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U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)

CFDA/Finding

Number

Finding and Recommendation

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- METSS System Reconciliations

Reconciliations between METSS and accounting records were not being performed to ensure funds coming into the state office through the METSS bank account were being properly recorded in the agency records.

A good system of internal controls would include independent checks on performance of duties and adequate reconciliation procedures over cash receipts. Lack of these controls increased the possibility of errors occurring and not being detected in a timely manner.

These control weaknesses were cited in each Single Audit Report for the fiscal years 1995, 1996, and 1997 and also cited in an internal audit report issued January 3, 1996, by the Division of Program Integrity.

*Recommendation:*

We recommend the Mississippi Department of Human Services strengthen internal control procedures for the Child Support Enforcement program's METSS bank account at the state office. These procedures should include the following actions:

- Perform timely reconciliations between the METSS state office bank account statement and transactions recorded in the METSS system.
- Develop separation of duties over the METSS state office bank account. No one individual should have authorization to both initiate transfers and make changes to bank accounts.
- Perform timely reconciliations between the METSS system and the agency accounting records.

STATE OF MISSISSIPPI  
Schedule of Findings and Questioned Costs  
Part 3 - Federal Award Findings and Questioned Costs (continued)

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U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)

<u>CFDA/Finding Number</u>	<u>Finding and Recommendation</u>
	<b><u>MEDICAID</u></b>
	<b>ACTIVITIES ALLOWED OR UNALLOWED</b>
	<b><i>Reportable Condition</i></b>
93.778	Medical Assistance Program  Federal Award Number and Year: 059805MS5028, 1998
98-17	<u>Internal Controls over Computer Maintenance and Enhancement Requests Should Be Strengthened</u>  <i>Finding:</i>  Claims submitted to the Office of the Governor - Division of Medicaid for services provided to recipients are processed using the Medicaid Management Information System (MMIS). The division's contract with the fiscal agent requires computer system enhancements as specified throughout the contract be operational on the date specified in the amendment to the contract or the date agreed upon by the division and the contractor for all other changes that do not require a contract amendment. The contractor shall be responsive to all requests for system modifications, whether classified as maintenance or enhancement. Within ten (10) days of receipt of a written request for a modification (change order) of the MMIS, the contractor shall provide a statement of understanding (SOU) which is a written response demonstrating understanding of the request and a schedule for phase completion or a more thorough assessment of the impact of the change on operations or contract cost. The Division of Medicaid may assess the fiscal agent: 1) Five Hundred Dollars (\$500) per workday for each enhancement that is not operational on the date specified in the contract or agreed upon, 2) One Hundred Dollars (\$100) for each change order not acknowledged by the contractor within ten (10) working days of receipt and providing a recommended course of action, or 3) Five Hundred Dollars (\$500) per workday for each maintenance task not completed by the effective or mutually agreed upon completion date.

STATE OF MISSISSIPPI

Schedule of Findings and Questioned Costs

Part 3 - Federal Award Findings and Questioned Costs (continued)

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U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)

CFDA/Finding  
Number

Finding and Recommendation

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Our review of the fiscal agent contract management reports prepared by the Systems Information Division of the Division of Medicaid disclosed recommended sanctions against the fiscal agent, excluding sanctions related to desk reviews and audits, totaling \$12,839,392 for fiscal year 1998. Of this amount, \$8,255,000 related to the untimely completion of computer maintenance and enhancement requests, and \$1,769,300 related to the untimely completion of statements of understanding by the fiscal agent. The remaining \$2,815,092 of recommended sanctions related to systems documentation, correctness of payments, report production, data communications and communications unit.

It is the decision of the executive director to determine whether sanctions will be imposed. We noted that in July 1998, the division, based on the June 1998 contract management report, imposed a monetary sanction of \$75,000 against the fiscal agent due to their failure to complete maintenance and enhancement requests by the agreed upon date.

*Recommendation:*

We recommend the Office of the Governor - Division of Medicaid strengthen internal controls to ensure the fiscal agent completes computer maintenance and enhancement requests by the date specified in the contract amendment or the date agreed upon by the division and the contractor. We further recommend the Division of Medicaid consider imposing additional monetary sanctions against the fiscal agent if failure to meet required deadlines continues.



STATE OF MISSISSIPPI  
Schedule of Findings and Questioned Costs  
Part 3 - Federal Award Findings and Questioned Costs (continued)

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U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)

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Number

Finding and Recommendation

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MEDICAID

**ACTIVITIES ALLOWED OR UNALLOWED**

*Immaterial Noncompliance*

93.778

Medical Assistance Program

Federal Award Number and Year: 059805MS5028 1998

Questioned Costs: \$32,011

98-19

Rate Setting Data Sheets for Inpatient Hospitals Should Be Accurate

*Finding:*

At the Office of the Governor - Division of Medicaid, we noted 1 of the 22, or 4.5 percent, hospital per diem rates tested was not calculated in accordance with the Mississippi Medicaid State Plan. The rate setting data sheet for Methodist Hospital of Memphis erroneously included education costs twice in the routine costs component of the hospital's per diem rate. The error was not detected by the fiscal agent during review procedures. The revised rate shown below, calculated by agency personnel, shows the correct rate based on the adjustment to the rate setting data sheet for the education costs.

<u>Provider</u>	<u>Period</u>	<u>Rate Paid</u>	<u>Revised Rate</u>	<u>Estimated Questioned Costs</u>	<u>Federal Share</u>
Methodist Hospital of Memphis	10/1/97 thru 6/30/98	\$1,138.14	\$1,127.46	\$41,524	\$32,011

The total number of days paid by the agency for claims submitted by this hospital for the service period listed was provided by agency personnel. The amount of questioned costs is an estimate of the federal funds overpaid the provider. It should be noted that after the auditors brought the error to the attention of agency personnel, they recomputed the per diem rate and notified the fiscal agent to make the applicable adjustment.

STATE OF MISSISSIPPI  
Schedule of Findings and Questioned Costs  
Part 3 - Federal Award Findings and Questioned Costs (continued)

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U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)

CFDA/Finding  
Number

Finding and Recommendation

---

*Recommendation:*

We recommend the Office of the Governor - Division of Medicaid ensure per diem rates are calculated in accordance with the Mississippi Medicaid State Plan.

**MEDICAID**

**ACTIVITIES ALLOWED OR UNALLOWED**

***Reportable Condition***

93.778

Medical Assistance Program

Federal Award Number and Year: 059805MS5028, 1998

98-21

Internal Controls over Provider Rate and Claims Adjustments Should Be Improved

*Finding:*

During our review of the "Rate and/or Claims Adjustment Transmittal Log" at the Office of the Governor - Division of Medicaid for fiscal year 1998, we noted adjustments were not being processed and returned by the fiscal agent in a timely manner. We further noted division personnel were not reviewing and approving the transmittals completed and returned by the fiscal agent in a timely manner. Of the 1,221 rate or claims adjustment transmittals logged as having been sent to the fiscal agent during the 1998 fiscal year, we found the following:

- 52, or 4.3 percent, had not been returned by the fiscal agent, as indicated by there being no "Date Returned" entered on the log.
- an additional 124, or 10.2 percent, had been returned by the fiscal agent, but had not been approved by the division.

Without timely processing by the fiscal agent and proper follow-up by the division, it is possible for the paid claims history to remain unadjusted resulting in over or under payments to providers.

STATE OF MISSISSIPPI  
Schedule of Findings and Questioned Costs  
Part 3 - Federal Award Findings and Questioned Costs (continued)

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U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)

CFDA/Finding  
Number

Finding and Recommendation

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*Recommendation:*

We recommend the Office of the Governor - Division of Medicaid continue its efforts to ensure "Provider Rate and Claims Adjustment Transmittals" are processed and returned by the fiscal agent in a timely manner. We further recommend the division review and approve the transmittals completed and returned by the fiscal agent in a timely manner. The division should also follow-up with the fiscal agent on the 52 transmittals that have not yet been returned to ensure the adjustments are made.

**MEDICAID**

**SPECIAL TESTS AND PROVISIONS**

***Reportable Condition***

93.778

Medical Assistance Program

Federal Award Number and Year: 059805MS5028, 1998

98-20

Internal Controls over Desk Reviews and Audits Should Be Strengthened

*Finding:*

The Office of the Governor - Division of Medicaid's contract with the fiscal agent requires desk reviews be completed and data transmitted to the division on or before the thirtieth day after the contractor's receipt of the cost report in order to complete the rate setting process. These desk reviews are required on nursing facilities, intermediate care facilities/mental retardation (ICF/MR) facilities, hospitals, home health agencies, federally qualified health centers, and rural health clinics enrolled for any part of the year being audited. The fiscal agent is also required to conduct audits of nursing facility resident fund accounts at least once a year in each facility in accordance with guidelines established by the Division of Medicaid. The fiscal agent is further required to conduct third party liability (TPL) audits in all hospital facilities each year. Agency management stated the fiscal agent was to perform TPL audits in the 25 largest hospitals every year and one-half of the remaining hospitals every other year, with the audit period for those facilities to include both the current and previous year. The Division of Medicaid may assess the fiscal agent \$500 per day for each review/audit not completed on time or when an incorrect allowance is given.

**STATE OF MISSISSIPPI**

**Schedule of Findings and Questioned Costs**

**Part 3 - Federal Award Findings and Questioned Costs (continued)**

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**U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)**

**CFDA/Finding  
Number**

**Finding and Recommendation**

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Our review of the fiscal agent contract management reports prepared by the Systems Information Division of the Division of Medicaid disclosed recommended sanctions against the fiscal agent relating to the performance of untimely and/or incorrect desk reviews by the fiscal agent on provider cost reports. The \$12,065,900 of recommended sanctions were due to the delinquent submission and/or incorrect preparation of desk reviews/audits of cost reports for hospitals, home health agencies, and nursing and ICF/MR facilities which totaled \$25,000, \$166,500 and \$11,874,400 respectively. We also noted during our testwork that only 17 of the 47, or 36 percent, required nursing home audits and 72 of the 120, or 60 percent, required TPL hospital audits had been performed.

It is the decision of the executive director to determine whether recommended sanctions will be imposed. We noted that none of these recommended sanctions were imposed. We further noted that effective October 1, 1998, the Division of Medicaid assumed the audit and desk review functions previously performed by the fiscal agent.

*Recommendation:*

We recommend the Office of the Governor - Division of Medicaid strengthen internal controls to ensure that desk reviews and audits are performed in a timely and accurate manner.

STATE OF MISSISSIPPI  
Schedule of Findings and Questioned Costs  
Part 3 - Federal Award Findings and Questioned Costs (continued)

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U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)

CFDA/Finding  
Number

Finding and Recommendation

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**MENTAL HEALTH**

**MATCHING, LEVEL OF EFFORT, EARMARKING**

***Reportable Condition***

93.959 Block Grants for the Prevention and Treatment of Substance Abuse

Federal Award Number and Year: 96B1MSSAPT, 1996;  
97B1MSSAPT, 1997

98-12 Internal Controls over Earmarking Requirements Should Be Strengthened

***Finding:***

The Mississippi Department of Mental Health did not routinely document, based on actual expenditures, that earmarking requirements were met for specific block grant years. Federal regulations (42 USC 300x-22) require the state expend not less than 35 percent for prevention and treatment activities regarding alcohol, not less than 35 percent for prevention and treatment activities regarding other drugs, not less than 20 percent for primary prevention programs for individuals who do not require treatment for substance abuse, and not less than 5 percent for treatment services designed for pregnant women and women with dependent children. Since the source of funds by specific block grant year was not specified in the subrecipients' grant awards or in the accounting records until April 1998, we were unable to determine to which grant year the expenditures actually related. Therefore, we were unable to determine that earmarking requirements were met.

***Recommendation:***

We recommend the Mississippi Department of Mental Health document, based on actual expenditures, that earmarking requirements are met for specific block grant years in accordance with federal regulations. We further recommend the department continue to account for the allocation and expenditure of each federal grant award separately so compliance with federal regulations can be documented.

STATE OF MISSISSIPPI

Schedule of Findings and Questioned Costs

Part 3 - Federal Award Findings and Questioned Costs (continued)

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U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)

CFDA/Finding

Number

Finding and Recommendation

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**MENTAL HEALTH**

**MATCHING, LEVEL OF EFFORT, EARMARKING**

***Reportable Condition***

93.959

Block Grants for Prevention and Treatment of Substance Abuse

Federal Award Number and Year: 96B1MSSAPT, 1996;  
97B1MSSAPT, 1997

98-13

Internal Controls over Earmarking Requirements for HIV Services Should Be Strengthened

***Finding:***

Federal regulations (42 USC 300x - 24(b)) require the state expend not less than 2 percent nor more than 5 percent for HIV services from the Block Grant for Prevention and Treatment of Substance Abuse. The Mississippi Department of Mental Health did not identify expenditures for HIV services for the SAPT block grant during fiscal year 1998. Since expenditures for HIV services were not identified, we were unable to determine that earmarking requirements were met.

***Recommendation:***

We recommend the Mississippi Department of Mental Health identify expenditures for HIV services provided in order to ensure that earmarking requirements are met in accordance with federal regulations.

STATE OF MISSISSIPPI  
Schedule of Findings and Questioned Costs  
Part 3 - Federal Award Findings and Questioned Costs (continued)

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U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (concluded)

CFDA/Finding  
Number

Finding and Recommendation

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**MENTAL HEALTH**

**PERIOD OF AVAILABILITY OF FEDERAL FUNDS**

***Reportable Condition***

93.959

Block Grants for Prevention and Treatment of Substance Abuse

Federal Award Number and Year: 96B1MSSAPT, 1996;  
97B1MSSAPT, 1997

98-14

Internal Controls Should Be Established over Period of Availability  
Requirements

***Finding:***

The funds allocated to subrecipients of the Mississippi Department of Mental Health consist of both current year funds and carryover funds from the prior year. Any funds not spent by the subrecipient at the end of its one-year grant period are forfeited. These carryover funds are combined with an estimate of the new year federal grant award. This amount is then reallocated to the subrecipients as their new year grant award. However, the source of the funds was not specified in the grant award or in the accounting records until April 1998.

Federal regulations (42 USC 300x-62) state "...any amounts paid to a State under the program involved shall be available for obligation until the end of the fiscal year for which the amounts were paid, and if obligated by the end of such year, shall remain available for expenditure until the end of the succeeding fiscal year." Therefore, any funds not obligated at the end of the first year cannot be obligated or expended in the second year of the grant. Since the accounting records did not document the actual federal grant award to which the allocations or expenditures related, we could not determine compliance with this requirement.

***Recommendation:***

We recommend the Mississippi Department of Mental Health continue to account for the allocation and expenditure of each federal grant award separately so compliance with federal regulations can be documented.

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STATE OF MISSISSIPPI  
Schedule of Findings and Questioned Costs  
Part 3 - Federal Award Findings and Questioned Costs (continued)

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SOCIAL SECURITY ADMINISTRATION

CFDA/Finding  
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Finding and Recommendation

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**REHABILITATION SERVICES**

**ALLOWABLE COSTS / COST PRINCIPLES**

***Reportable Condition***

84.126            Rehabilitation Services - Vocational Rehabilitation Grants to States  
96.001            Social Security - Disability Insurance

Federal Award Number and Year:    Various

98-38            Procedures Should be Developed to Adequately Support Salary and Wage Costs

***Finding:***

The Mississippi Department of Rehabilitation Services did not have a system in place to adequately document the salaries and wages charged to its federal programs. There was no time reporting system in place whereby employees documented time spent on grant related activities.

According to Office of Management and Budget Circular A-87, Attachment B, subsection B.11.h, charges to federal awards for salaries and wages, whether treated as direct or indirect, will be based on documented payrolls and certifications. When employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports or equivalent documentation which meets the prescribed standards, unless a statistical sampling system or other substitute has been approved by the granting federal agency. Such documentary support will be required when employees work on more than one federal award and / or a federal award and non-federal award. When employees work on a single award, charges for their salaries will be supported by semi-annual certifications signed by the employees certifying they worked solely on that program for the period covered by the certification.

Without a system in place to adequately document salaries and wages charged to a federal program, the costs may be determined to be unallowable.

**STATE OF MISSISSIPPI**

**Schedule of Findings and Questioned Costs**

**Part 3 - Federal Award Findings and Questioned Costs (concluded)**

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**SOCIAL SECURITY ADMINISTRATION (concluded)**

**CFDA/Finding  
Number**

**Finding and Recommendation**

---

*Recommendation:*

We recommend the Mississippi Department of Rehabilitation Services support salaries and wages charged to its federal programs in accordance with the standards prescribed by Office of Management and Budget Circular A-87, Attachment B. We further recommend certifications be prepared for employees who work solely on one program. These certifications should be prepared semi-annually for all federal programs and maintained on file.

## II. SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS



## STATE OF MISSISSIPPI

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### SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 1998

---

#### Instructions to Management

Each state grantee agency included in the prior year Single Audit Report for the State of Mississippi prepared a summary schedule of prior federal audit findings as required by OMB Circular A-133, Section 315 (b). In order to provide a systematic approach for reporting, agencies were asked to follow the format listed below.

For each prior year federal audit finding, the agency should include the following: (1) finding identification including finding number, finding heading, *Catalog of Federal Domestic Assistance* (CFDA) number and program name, (2) current status, and (3) planned corrective action, if required. These items are discussed below:

- (1) Each finding number, finding heading, CFDA number, and program name should be listed in the same sequence as presented in the prior year Single Audit Report.
- (2) The current status should be identified with one of the following terms:
  1. "Fully Corrected" - All corrective action has been taken.
  - b. "Partially Corrected" - Some, but not all, corrective action has been taken.
  - c. "Not Corrected" - Corrective action has not been taken.
  - d. "Not Valid" - Finding is no longer valid and does not warrant further action.
- (3) Corrective action should be noted for findings that are not identified as "Fully Corrected."
  - a. When audit findings are "Partially Corrected" or "Not Corrected," describe the planned corrective action as well as any partial corrective action taken.
  - b. When audit findings are "Not Valid," describe the reasons the findings are no longer considered valid or do not warrant further action.

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**STATE OF MISSISSIPPI**

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**SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 1998**

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97-3	Mental Health	119
97-4	Mental Health	119
97-5	Mental Health	120
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97-7	Education	109
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STATE OF MISSISSIPPI

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SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 1998

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INDEX LISTED BY STATE GRANTEE AGENCY

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STATE OF MISSISSIPPI



OFFICE OF THE ATTORNEY GENERAL

MIKE MOORE  
ATTORNEY GENERAL

SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS  
For The Year Ended June 30, 1998

97-01 Disposition of Complaints Should be Documented

93.778 Medical Assistance Program

FULLY CORRECTED

Although auditee disputes that the finding was a reportable condition, the audit recommendation has been fully implemented.

Signed:

A handwritten signature in cursive script that reads "Kenny O'Neal".

Kenny O'Neal, Director  
Medicaid Fraud Control Unit

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STATE OF MISSISSIPPI  
DEPARTMENT OF EDUCATION

Richard L. Thompson  
State Superintendent of Education

**SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS  
For the Year Ended June 30, 1998**

97-7      Subrecipients Should be Monitored in Accordance with State Plan

84.027      Special Education - Grants to States

NOT VALID

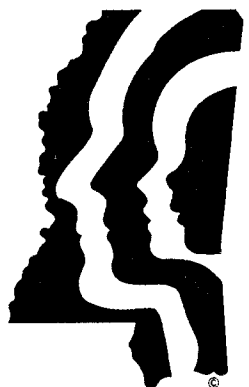
The Office of Special Education implemented reasonable measures to ensure the mandates of IDEA were addressed appropriately by each LEA during FY 98 as directed by the Office of Special Programs. The Office of Special Education followed the directives of the Office of Special Programs in refocusing its monitoring efforts and developing the State's Implementation Plan to ensure compliance with the mandates under IDEA.

Signature: Richard L. Thompson

Title: State Superintendent of Education

Date: February 23, 1999

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**MISSISSIPPI**  
STATE DEPARTMENT OF  
**HEALTH**

2423 North State Street  
Post Office Box 1700  
Jackson, Mississippi  
39215-1700

601/576-7400  
601/576-7364 FAX

F. E. Thompson, Jr., MD, MPH  
State Health Officer

SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS  
For the Year Ended June 30, 1998

97-6 Internal Control Procedures Over State Match Requirements Should be Established

93.994 Maternal and Child Health Services Block Grant to the States

FULLY CORRECTED

97-10 Controls Over the Preparation of the FNS-498 Report Should be Strengthened

10.557 Special Supplemental Nutrition Program for Women, Infants, and Children

FULLY CORRECTED

97-18 EDP Controls for MWITS Should be Developed

10.557 Special Supplemental Nutrition Program for Women, Infants, and Children

FULLY CORRECTED

97-19 Inventory Controls Should be Implemented

10.557 Special Supplemental Nutrition Program for Women, Infants, and Children

FULLY CORRECTED

97-20 Supervisory Reviews of Food Inventory and Perpetual Records Should be Performed

10.557 Special Supplemental Nutrition Program for Women, Infants, and Children

FULLY CORRECTED


97-21 Internal Controls Over the Time Study System Should be Strengthened

10.557 Special Supplemental Nutrition Program for Women, Infants, and  
Children  
93.268 Childhood Immunization Grants  
93.994 Maternal and Child Health Services Block Grant to the States

PARTIALLY CORRECTED

Processing procedures for time study have been revised and separation of responsibility has been accomplished related to data entry. We are currently recruiting to fill the position which will have primary oversight responsibility for these activities. Edit reviews have been started but are not completed, also pending recruitment of this position. To date no additional edits have been identified for implementation. Anticipated full correction of the incomplete items is June 30, 1999, however, this is dependent on the date we are able to fill the position which is under recruitment. All other items in the finding have been fully corrected.

Signature:

  
F. E. Thompson, Jr., M.D., M.P.H.  
State Health Officer

Date:





STATE OF MISSISSIPPI  
DEPARTMENT OF HUMAN SERVICES

Donald R. Taylor  
Executive Director

SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS  
For the Year Ended June 30, 1998

97-11 CCDBG Federal Reports Should Agree with Agency Reports

93.575 Child Care and Development Block Grant

PARTIALLY CORRECTED

Amounts to be transferred were identified during 1998, but inadvertently not processed. Transfers are being made in 1999.

97-12 Cost Allocation Plan should be Amended Timely

93.558 Temporary Assistance for Needy Families  
93.575 Child Care and Development Block Grant  
93.667 Social Services Block Grant

PARTIALLY CORRECTED

Partially corrected for removal of expenditures erroneously recorded in four pools. The total amounts in the pools could not be reversed until sufficient expenditures were recorded to offset the adjustment. These journal entries should be completed by March 1999.

97-13 Subrecipient Audits Should be Received Timely

93.558 Temporary Assistance for Needy Families  
93.575 Child Care and Development Block Grant  
93.667 Social Services Block Grant

PARTIALLY CORRECTED



The Agency is still in the process of revising the MDHS Subgrantee/ Contractor Manual. Upon implementation of the revised subgrantee manual the Agency will have fully implemented the corrective actions.

97-14      Coupons Returned to Inventory Should be Reconciled

10.551      Food Stamps

FULLY CORRECTED

97-22      Internal Controls Over METTS Bank Account Should be Improved

93.563      Child Support Enforcement

PARTIALLY CORRECTED

A report and procedure were implemented that allowed the supervisor to randomly select a day and verify changes in the bank accounts. Also, due to changes in personnel, we had determined that reconciliation of the bank account needed to be corrected to reflect activities on the METSS account. These were implemented in 1998 and finalized in 1999.

97-23      Adjustments of OCSE-34 Report Should be Supported

93.563      Child Support Enforcement

PARTIALLY CORRECTED

The audit finding was presented in May 1998 with insufficient time to write a program to document the amount of adjustment for the June 1998 quarter completely. Programming was completed and implemented for the September 1998 quarter.

97-24      Agency Should Follow Established Policies for the Child Support Enforcement Program

93.563      Child Support Enforcement

.      Location

FULLY CORRECTED

.      Established Paternity

FULLY CORRECTED

.      Established Support Obligation

PARTIALLY CORRECTED

Child Support policy manuals have been updated to provide clearer understanding of what processes must take place to ensure support establishment. The Child Support Training Unit is providing additional training with regard to support establishment. The Program Compliance Unit continues to monitor compliance in counties' operations, and corrective action is required in counties failing to meet established benchmarks.

.      Enforcement of Support Obligation

PARTIALLY CORRECTED

Child Support policy manuals have been updated to provide clearer understanding of what processes must take place to ensure support establishment. The Child Support Training Unit is providing additional training with regard to support establishment. The Program Compliance Unit continues to monitor compliance in counties' operations, and corrective action is required in counties failing to meet established benchmarks.

Separation of Duties for Handling Cash

FULLY CORRECTED

97-25 Agency Should Track Changes in Funding Source Requirements for Child Support Enforcement Program.

93.563 Child Support Enforcement

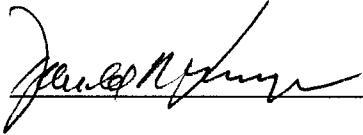
FULLY CORRECTED

97-26 Controls Should be Established to Ensure Treasury-State Agreement is Followed

93.667 Social Services Block Grant

PARTIALLY CORRECTED

The audit finding was presented in May 1998 while the agency was in the process of reviewing, revising, and submitting information for the Treasury/State Agreement for 1999. Corrective action was completed to be effective July 1, 1998, State Fiscal Year 1999.

Signature   
Title Executive Director  
Date March 18, 1999



**STATE OF MISSISSIPPI**

OFFICE OF THE GOVERNOR  
DIVISION OF MEDICAID

HELEN WETHERBEE, J.D., M.P.H.  
EXECUTIVE DIRECTOR

**SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS  
For the Year Ended June 30, 1998**

97-2 Internal Controls Should be Strengthened to Ensure Recovery of Third Party Insurance

CFDA #93.778      Medical Assistance Program

FULLY CORRECTED

97-8 Internal Controls Over Desk Reviews and Audits Should be Strengthened

CFDA #93.778      Medical Assistance Program

PARTIALLY CORRECTED

The Division of Medicaid (DOM) has worked with the Legislature to secure additional staff and resources necessary to take over the Audit function from the fiscal agent and make sure that Internal Controls over desk reviews and audits are strengthened. The 1998 Legislative Session approved funding for seventeen (17) additional positions for the agency. This funding was included in the FY 1999 appropriation for the agency. A Corrective Action Plan has been implemented in FY 1999 to remedy the situation, however these changes were not implemented until FY 1999.

97-9 Controls Over the Review of Crossover Mismatch Reports Should be Strengthened

CFDA # 93.778      Medical Assistance Program

FULLY CORRECTED

97-15 Outpatient Hospital Claims Should Be Paid in Accordance With the State Plan

CFDA #93.778      Medical Assistance Program

FULLY CORRECTED

97-16 Internal Control Over Provider Rate and Claims Adjustments Should be Improved.

CFDA #93.778      Medical Assistance Program

PARTIALLY CORRECTED

The Corrective Action Plan which was outlined in our response to the FY 1997 Federal Audit Finding has been implemented. However, the FY 1998 Federal Audit revealed that of 1,221 rate adjustments sent to the fiscal agent in FY 1998, 52 have not been processed in the system. The reason for these adjustments not processing has been identified and is being addressed.

97-17 Inpatient Hospital Utilization Records Should be Maintained in an Auditable Manner

CFDA #93.778      Medical Assistance Program

FULLY CORRECTED

Signature: Helen Wetherbee  
Helen Wetherbee, J.D., M.P.H.,

Title: Executive Director

Date: 3/11/99

# DEPARTMENT OF MENTAL HEALTH

State of Mississippi



ALBERT RANDEL HENDRIX, Ph.D.  
Executive Director  
Robert E. Lee Building, Suite 1101  
239 North Lamar Street  
Jackson, Mississippi 39201  
(601) 359-1288 • FAX 359-6295  
TDD Phone (601) 359-6230

## SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS For the Year Ended June 30, 1998

### 97-3 Procedures should be developed to adequately support administrative costs

CFDA #93.959 Block Grants for Prevention and Treatment of Substance Abuse (96BIMSSAPT, 1996; 97BIMSSAPT, 1997)

#### FULLY CORRECTED

The indirect cost rate approved by Federal DHHS has been approved for use in documenting administrative costs charged to SAPT Block Grant.

### 97-4 Internal controls should be established over period of availability requirements

CFDA #93.959 Block Grants for Prevention and Treatment of Substance Abuse (95BIMSSAPT, 1995; 96BIMSSAPT, 1996)

#### PARTIALLY CORRECTED

Effective with the Federal grant for the year that began October 1, 1997 and ended September 30, 1998, all sub-grantee awards now indicate the specific Federal year that is being used to fund sub-grantee activities. However, the Department of Mental Health has until September 30, 1999 to expend funds so allocated, so it is not possible to calculate the final expenditure of Federal funds until after September 30, 1999. For this reason this finding is listed as "partially corrected", but the procedure to correct was actually implemented effective April 1, 1998.

97-5 Internal controls over earmarking requirements should be strengthened

CFDA #93.959     Block Grants for Prevention and Treatment of  
Substance Abuse (95BIMSSAPT, 1995; 96BIMSSAPT,  
1996)

**PARTIALLY CORRECTED**

Effective with the Federal grant for the year that began October 1, 1997 and ended September 30, 1998, all sub-grantee awards now indicate the specific Federal year that is being used to fund sub-grantee activities. However, the Department of Mental Health has until September 30, 1999 to expend funds so allocated, so it is not possible to calculate the final expenditure of Federal funds until after September 30, 1999. For this reason this finding is listed as "partially corrected", but the procedure to correct was actually implemented effective April 1, 1998.

Signed:

Albert Randel Hendrix, Ph.D.  
Albert Randel Hendrix, Ph.D.  
Executive Director

2/22/99  
Date

Glynn Kegley  
Glynn Kegley, Chief  
Bureau of Administration

2/22/99  
Date

### **III. MANAGEMENT RESPONSES AND CORRECTIVE ACTION PLANS**





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## STATE OF MISSISSIPPI

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### MANAGEMENT RESPONSES AND CORRECTIVE ACTION PLANS FOR THE YEAR ENDED JUNE 30, 1998

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#### Instructions to Management

In order to provide a systematic approach for agencies to respond to audit findings, the management of each agency was requested to follow the instructions listed below in preparation of the formal response to single audit findings and the corrective action plan.

For each AUDIT FINDING, the agency should include the following: (1) *Catalog of Federal Domestic Assistance* (CFDA) number and program name, (2) type of compliance requirement, (3) audit finding number and finding heading, (4) response, and (5) corrective action plan. These items are discussed below:

1. Each CFDA number and program name should be listed in the same sequence presented in the management letter. The entire finding is not required to be repeated.
2. Each type of compliance requirement should be listed in the same sequence as presented in the management letter.
3. Each audit finding number and finding heading should be listed separately in the same sequence as presented in the management letter. The entire finding is not required to be repeated.
4. Responses of the agency to audit findings should be included directly below each audit finding heading. For each response, the agency should state whether they concur or do not concur with the individual finding and recommendation and the reasons why.
5. After an audit finding heading has been listed along with the corresponding agency response, the plan for corrective action should be listed using the following format:
  - a. Specific steps to be taken to correct situation.
  - b. Name(s) of the contact person(s) responsible for corrective action.
  - c. Anticipated completion date for corrective action.
  - d. Specific reasons why corrective action is not necessary, if applicable.

**STATE OF MISSISSIPPI**  
**Management Responses and Corrective Action Plans**  
**Instructions to Management (concluded)**

OMB Circular A-133, Section 400 requires audit findings to be resolved between federal agencies and audited agencies within six months after the receipt of the single audit report by the federal government. Audited agencies should maintain permanent files on all correspondence with the federal government during the audit resolution process. Federal agencies may ask for additional information pertaining to audit findings.

On the following pages, we have compiled the formal response to the findings and recommendations and the corrective action plan of each agency's management.



**STATE OF MISSISSIPPI  
DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT**

**JAMES B. HEIDEL  
EXECUTIVE DIRECTOR**

March 19, 1999

**SINGLE AUDIT FINDINGS**

Mr. Phil Bryant, State Auditor  
Office of the State Auditor  
State of Mississippi  
P.O. Box 956  
Jackson, MS 39205-0956

Dear Mr. Bryant:

This letter is in response to your letter of March 18, 1999 concerning the Single Audit Findings for the Mississippi Department of Economic and Community Development. It is my understanding that you audited the HOME program and two JTPA programs, Title II and Title III. We are pleased that no instances of noncompliance were found which would require reporting under OMB Circular A-133 and that the two JTPA programs had no reportable conditions. Our responses to the two HOME reportable conditions cited in your letter are stated below.

**Reportable condition #1: 98-26**

**CFDA Number and Program Name**

14.239 HOME Investment Partnerships Program

**Type of Compliance Requirement**

Matching, Level of Effort, Earmarking

**Auditing Finding Heading**

Documentation of Earmarking Requirements Should be Maintained.

Mr. Phil Bryant  
Page 2  
March 19, 1999

Response

MDECD concurs with this finding.

Corrective Action Plan

MDECD staff are establishing procedures to ensure summary data is maintained to document compliance with earmarking requirements. We are also preparing a CSD Instruction to the recipients of rental housing requiring that monthly rent rolls be submitted in order to monitor the projects that are occupied. A check sheet has been established for staff to monitor on-site the incomes of each tenant and compare with the area median income. A spreadsheet will be maintained for each project in each program year to record the income compliance. Once all projects in each year have been closed, verification will be documented that not less than 90% of the families assisted were families whose annual incomes do not exceed 60 percent of the median family income for the area. This data will be sufficiently detailed and logically organized to facilitate the audit review.

**Reportable Condition #2: 98-27**

CFDA Number and Program Name

14.239 HOME Investment Partnerships Program

Type of Compliance Requirement

Special Tests and Provisions

Audit Finding Heading

Internal Controls over On-Site Inspections Should Be Strengthened

Response

MDECD concurs with this finding.

Corrective Action Plan

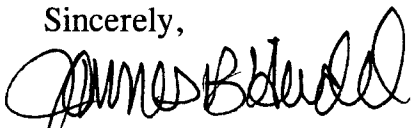
Although MDECD had prepared a spreadsheet indicating the inspection due dates, lack of staff delayed our conducting the inspections which had come due. Despite this delay in conducting our own on-site inspections, monthly inspections were occurring in the field, and we were receiving documentation which assured that quality standards were maintained and repairs were completed when needed. MDECD is implementing

Mr. Phil Bryant  
Page 3  
March 19, 1999

procedures to ensure performance of timely onsite inspections and compliance with property standards for the HOME Investment Partnerships Program. MDECD staff will schedule and conduct onsite inspections on projects that are due an inspection. In addition, an inspection checklist has been developed to ensure compliance with the property standards. Documentation will be maintained in an auditable form that a sufficient sample of the units were inspected.

We appreciate the professional manner in which the audit team conducted this audit. If you have any questions concerning this response please contact Lynda Dutton at 359-2917.

Sincerely,

A handwritten signature in black ink, appearing to read "James B. Heidel", written over a horizontal line.

James B. Heidel  
Executive Director

cc: Mike Larsen  
Lynda Dutton  
Alice Lusk

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STATE OF MISSISSIPPI  
DEPARTMENT OF EDUCATION

Richard L. Thompson  
State Superintendent of Education  
April 7, 1999

Phil Bryant, State Auditor  
Office of the State Auditor  
State of Mississippi  
P. O. Box 956  
Jackson, Mississippi 39205-0956

Dear Mr. Bryant:

This correspondence is in response to the Single Audit Findings for the Mississippi Department of Education for the Fiscal Year 1998 as contained in your management letter dated March 17, 1999:

**AUDIT FINDINGS:**

84.010 Title 1 Grants to Local Educational Agencies

SUBRECIPIENT MONITORING

98-23 Internal Controls over Subrecipient Monitoring Should be Strengthened

Response:

We concur with the finding.

Corrective Action Plan:

a. Specific steps to be taken to correct the situation:

Beginning with the fiscal school year 1998 - 1999, the Office of Innovative Support was responsible for monitoring school districts accredited at levels 3, 4, and 5 and the Office of School Enhancement was responsible for monitoring school districts accredited at levels 1 and 2. In January 1999, during a reorganization process within the State Department of Education, the Office of School Enhancement was dissolved and the monitoring duties of level 1 and 2 school districts were assumed by the Office of Innovative Support. Due to the reorganization process and the dissolution of the Office of School Enhancement, all school districts could not be monitored as planned.

Beginning with the fiscal school year 1999 - 2000, the Office of Innovative Support will be responsible for monitoring all school districts regardless of the level of accreditation. The districts not monitored during the fiscal school year 1998 - 1999 will be the first districts monitored during the fiscal school year

1999 - 2000. All districts will be monitored on a yearly basis with the option of biennial monitoring if the yearly monitoring process is not feasible.

A monitoring instrument will be developed which will be applicable to all districts regardless of the accreditation level. A school district will be visited by the Site Support Specialist and, if necessary, other office personnel. Following the monitoring visit, the district will receive a monitoring report and a completed monitoring instrument from the Site Support Specialist. A copy of the monitoring report and the completed monitoring instrument will be placed in the school district project application folder and filed in the Office of Innovative Support's main filing system. Districts found to have Exceptions or Findings will receive a follow-up visit to determine if the identified problem(s) has been corrected.

- b. Name of the contact person responsible for corrective action:

Johnny Thornton, Office of Innovative Support

- c. Anticipated completion date for corrective action:

August 1, 1999

84.276 Goals 2000 – State and Local Education Systemic Improvement Grants

Subrecipient Monitoring

98-24 Internal Controls over Subrecipient Monitoring Should be Strengthened

Response:

We concur with the finding.

Corrective Action Plan:

- a. Specific steps to be taken to correct the situation:

As of March 1999, the Goals 2000 monitoring instrument has been reviewed and revised addressing applicable federal requirements.

Beginning with the fiscal school year 1999 - 2000, the Office of Instructional Development will be responsible for monitoring all sub-recipients of Goals 2000 on a yearly basis with the option of biennial monitoring if the yearly monitoring process is not feasible.

- b. Name of the contact person responsible for corrective action:

Marion Jones, Office of Instructional Development



c. Anticipated completion date for corrective action:

August 1, 1999

84.010 Title 1 Grants to Local Educational Agencies

Special Tests and Provisions

98-25 Agency Should Ensure Comparability Requirement is Met

Response:

We concur with the finding.

Corrective Action Plan:

a. Specific steps to be taken to correct the situation:

The comparability report will be completed on a biennial basis as allowed under Title I Federal Regulations, Section 1120a. The Federal Programs Coordinator of each school district will keep on file the completed comparability report. The revised monitoring instrument will include comparability requirements that will be verified during the monitoring visit conducted by the Site Support Specialist and, if necessary, other office personnel. If a question arises concerning the comparability report, a copy of the report will be submitted to the Office of Innovative Support for a final determination concerning the district comparability.

b. Name of the contact person responsible for corrective action:

Johnny Thornton, Office of Innovative Support

c. Anticipated completion date for corrective action:

August 1, 1999

Should you have any questions, please contact Charles L. Shivers, CPA, Director of Financial Accountability at 359-3294.

Sincerely,



Richard L. Thompson  
State Superintendent of Education

RT:cls:wr

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## Mississippi Employment Security Commission

Thomas E. Lord  
*Executive Director*

Miranda A. Beard, *Commissioner*  
Laurel

Jim Ingram, *Chairman*  
Tupelo

Alfred L. Price, *Commissioner*  
Jackson

December 14, 1998

### FINANCIAL AUDIT FINDINGS

Phil Bryant, State Auditor  
Office of the State Auditor  
State of Mississippi  
P. O. Box 956  
Jackson, Mississippi 39205-0956

Dear Mr. Bryant:

In response to your letter dated November 9, 1998, regarding the Financial Audit Findings for the Mississippi Employment Security Commission for fiscal year 1998, I have addressed the following reportable conditions:

#### AUDIT FINDINGS:

Data Security Controls Should be Strengthened 98-01

Response: We agree with this finding.

#### Corrective Action Plan:

- A. We have purchased and installed CA-PANAPT, which is a change control software tool that will restrict programmers and analysts from accessing production programs. We have also purchased and installed CA-Verify which is a quality assurance testing tool for CICS, CA-Interrest Batch and CICS. All program changes are tested, reviewed, and approved by the user prior to being placed in production. A new Service Request form, which requires supervisor review and approval, has been implemented.

A new security package will be purchased and installed by the end of 1999. This software among other things will require passwords to be changed periodically. We had planned to do this in the last quarter of 1998, but the Year 2000 work requirements have forced us to adjust our schedule.

B. N/A

C. It will be the responsibility of the Data Processing department head to ensure that once these products are installed that our staff is using these products and following agency policy.

D. We plan to have these changes in place by the last quarter of 1999.

**Disaster Recovery Controls Should be Strengthened** 98-02

**Response:** We agree with this finding.

**Corrective Action Plan:**

A. Our Disaster Recovery Plan is updated quarterly. Testing is done periodically by requesting files from our offsite facility. An entire system test cannot be accomplished within the narrow frame of production processing. With current production running three shifts, five days a week, and anticipating weekend work with Year 2000 testing, this will be done as time allows.

One of the deliverables of our Year 2000 project is a risk analysis and prioritization of mission critical applications. This was completed in early 1998.

We have been unable to secure a written agreement to replace our equipment or assure availability of a remote offsite computer facility that is not cost prohibitive. We will continue pursuing this as time allows.

B. N/A

C. It will be the responsibility of the Data Processing department head to continue following up on the feasibility of a disaster replacement agreement for our equipment or for an agreement for an alternate computer facility.

D. We plan to have this completed by the last quarter of 1999.

**Agency Should Develop Methodology for In-House Computer Applications** 98-03

**Response:** We agree with this finding.

**Corrective Action Plan:**

A. The majority of our systems are provided by the Bureau of Labor Statistic or the federal government, Employment Security Systems Institute, Computer Data Systems Incorporated, etc. and were designed using structured programming methodology.

Phil Bryant  
December 14, 1998  
Page Three

Most of our in-house automation projects consist of maintenance to existing systems brought on by emergency mandates at the federal level, often with deadlines imminent or already missed. In these cases, it takes the entire applications staff working together to simply design and write the code to meet the deadlines.

We are now in the middle of our Year 2000 project, and no new systems are being developed. For the Year 2000 project, we purchased several tools that should enhance programmer productivity and provide a base for development of our own structured methodology: CA-Realia Workbench for the analysis and debugging of programs; CA-Panapt, a change management tool to manage production turnover control procedures; CA-Datamacs, a test generator tool for MVS; CA-Verify, a CICS transaction testing and quality assurance tool; and CA-Inter Test, a comprehensive interactive tool for testing and debugging CICS and COBOL batch programs. When the Year 2000 project is complete and before we begin design and development of new systems, we will either write our own programming methodology or consider buying a case tool.

**B.** N/A

**C.** The Data Processing department head will be responsible for the implementation of a structured methodology for the design and implementation of computer application programs.

**D.** We plan to implement this by the last quarter of 1999.

If you have any questions concerning the agency's responses to your findings, please contact Freddie M. Phillips, Director of Administration and Service, at 961-7600.

Sincerely,



Thomas E. Lord  
Executive Director

TEL:FMP:cdt

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**STATE OF MISSISSIPPI  
DEPARTMENT OF FINANCE AND ADMINISTRATION**

EDWARD L. RANCK  
EXECUTIVE DIRECTOR

December 3, 1998

**FINANCIAL AUDIT FINDINGS**

Phil Bryant, State Auditor  
Office of the State Auditor  
State of Mississippi  
P. O. Box 956  
Jackson, Mississippi 39205-0956

Dear Mr. Bryant:

The following are our formal responses and corrective action plans to your financial audit findings dated November 4, 1998.

**A Written Disaster Recovery Plan Should be Developed** 98-04

**Response:** We agree.

**Corrective Action:** Department of Finance and Administration/Information Technology (DFA/IT) is in the process of restructuring the disaster recovery plan for the Department of Finance and Administration. A section will be added to the plan which will include detailed recovery steps for the PATS and APLS systems, currently being used by the Bureau of Buildings. We will schedule disaster recovery testing of these systems during the next opportunity provided by the Mississippi Department of Information Technology Services.

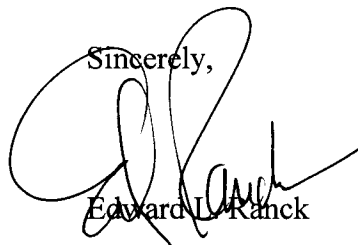
Phil Bryant, State Auditor  
Page 2  
December 3, 1998

**A Year 2000 Compliance Program Should be Developed and Tested** 98-05

**Response:** We agree.

**Corrective Action:** Although the Year 2000 Compliance Program for all Bureau of Buildings mainframe systems is approximately 75% complete, it is not sufficiently documented. The APLS system is completely remediated, tested, and is now in production. The PATS system has been assessed and we are currently in the planning stage for Year 2000 Compliance. Modification, testing, and implementation are expected to be completed by March 31, 1999, as scheduled.

Sincerely,

A handwritten signature in black ink, appearing to read 'Edward L. Kanck', is written over the printed name.

Edward L. Kanck

ELR/DT:PW





**STATE OF MISSISSIPPI**  
**DEPARTMENT OF FINANCE AND ADMINISTRATION**

EDWARD L. RANCK  
EXECUTIVE DIRECTOR

**FINANCIAL AUDIT FINDINGS**

Phil Bryant, State Auditor  
Office of the State Auditor  
State of Mississippi  
P.O. Box 956  
Jackson, Mississippi 39205-0956

November 23, 1998

Dear Mr. Bryant:

In accordance with your November 4, 1998 letter, the Department of Finance and Administration offers the following response and corrective action plan for the financial audit finding on the state insurance funds for the fiscal year ended June 30, 1998.

**REPORTABLE CONDITION**

**Controls over Premium Receipts Should be Strengthened** 98-06

**Response:**

We concur in part with this finding. The employee responsible for entering receipts into the checklog system is likewise responsible for sending the system-generated premium receipts reports to the third party claims administrator (TPA). As this report is system-generated, with control totals verified by two other accountants, we believe there is little opportunity for manipulation. We do, however, agree that an independent verification of premium receipts, comparing our internal records to those maintained by the TPA, would provide further assurance that the amounts received and reported are accurate.

**Corrective Action Plan:**

As discussed prior to the completion of the audit, we have developed procedures to perform a monthly reconciliation of premium receipts to amounts recorded on the TPA's records. This verification is conducted by an employee other than the person responsible for maintaining the checklog system and generating the premium receipts reports. Any discrepancies are promptly investigated, with any unresolved amounts reported to the Office of Insurance's Finance Director for appropriate action. We believe this enhancement to our existing control procedures ensures appropriate segregation of duties over premium receipts, and further decreases the possibility of irregularities occurring without being detected.

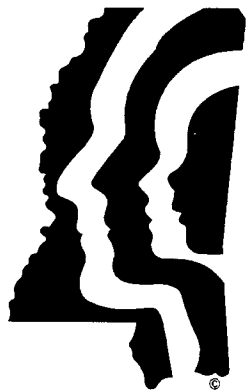
We appreciate the opportunity to present our response and corrective action plan to this finding. Should you need additional information, please feel free to contact me.

Sincerely,

A handwritten signature in black ink, appearing to read "Edward L. Ranck", written over a circular stamp or seal.

Edward L. Ranck

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**MISSISSIPPI**  
STATE DEPARTMENT OF  
**HEALTH**

2423 North State Street  
Post Office Box 1700  
Jackson, Mississippi  
39215-1700

601/576-7400  
601/576-7364 FAX

F. E. Thompson, Jr., MD, MPH  
State Health Officer

SINGLE AUDIT FINDINGS

4/7/99

Phil Bryant, State Auditor  
Office of the State Auditor  
State of Mississippi  
P.O. Box 956  
Jackson, MS 39205-0956

Dear Mr. Bryant:

We have received your letter dated March 18, 1999 containing the audit findings and recommendations for the Fiscal Year 1998 Audit of the Mississippi Department of Health. The following is our response to the Single Audit Finding contained therein.

- 10.557 Special Supplemental Nutrition Program for Women, Infants, and Children
- 93.268 Immunization Grants
- 93.994 Maternal and Child Health Services Block Grant to the States

ALLOWABLE COSTS/COST PRINCIPLES

98-15 Data Security Controls Should Be Strengthened

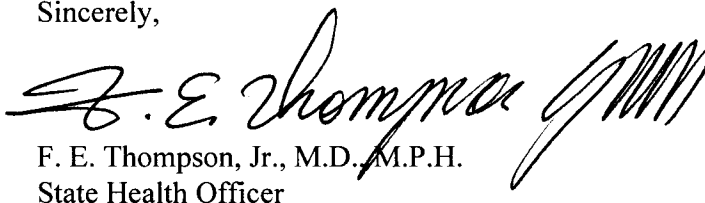
Response: We concur with the findings

Corrective Action Plan:

- A. The Time Study Coordinator will maintain a log of data file access which will contain the date and time of access, the person's name, and the reason for access. Attached to the log will be any supporting documentation for each access. The log will be reviewed and signed off on by the Time Study Coordinator's supervisor.
- B. The Department of Health will purchase Wang's "VS Enhanced Security Access Controls" software which has features to address the remaining system findings. Installation of this software package will begin no later than August 1 with full implementation by October 1, 1999.

We appreciate the assistance and courtesy of the Audit staff during the audit. Should you have questions or require additional information, please advise.

Sincerely,

  
F. E. Thompson, Jr., M.D., M.P.H.  
State Health Officer

FET/sp

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STATE OF MISSISSIPPI  
DEPARTMENT OF HUMAN SERVICES

Donald R. Taylor  
Executive Director

**SINGLE AUDIT FINDINGS**

Phil Bryant, State Auditor  
Office of the State Auditor  
State of Mississippi  
P. O. Box 956  
Jackson, MS 39205-0956

Dear Mr. Bryant:

The following are responses and corrective action plans to the Single Audit as outlined in the Department of Human Services Audit performed for the year ended June 30, 1998.

**AUDIT FINDINGS:**

**INTERNAL CONTROL OVER COMPLIANCE-REPORTABLE CONDITIONS**

**CASH MANAGEMENT**

*Reportable Condition*

93.667 Social Services Block Grant

98-30 Controls Should Be Established to Ensure Treasury-State Agreement Is Followed

*Response:*

MDHS concurs with the finding.

*Corrective Action Plan:*

As noted in the response to this finding for the 1997 Single Audit, we were in the process of computing and reviewing clearance patterns for the new Treasury-State agreement for 1999 when the irregularity was identified. The new Treasury-State

agreement has been implemented effective July 1, 1998 and procedures are in place to review draws quarterly to ensure compliance with that agreement.

## **ELIGIBILITY**

### ***Reportable Condition***

93.658 Foster Care - Title IV-E

98-31 Case Files Should Be Reviewed for Accuracy

### ***Response:***

MDHS/ Division of Family and Children's Services acknowledges that client cases determined eligible for the Foster Care Title IV-E Program by independent contractor, IHHS, were not routinely reviewed by the State Agency for accuracy.

### ***Corrective Action Plan:***

The State has identified a position and assigned the responsibility of randomly pulling and reviewing client case files to ensure that cases have been properly determined eligible for participation in the Foster Care Title IV-E program by independent contractor.

## **REPORTING**

### ***Reportable Condition***

93.575 Child Care and Development Block Grant

98-33 CCDBG Federal Reports Should Agree with Agency Records

### ***Response:***

MDHS / Division of Budgets and Accounting acknowledges that the agency records did not agree with the financial status reports (FSR-269) for 1994, 1995 and 1996 CCDBG.

### ***Corrective Action Plan:***

Agency accounting records for 1994 and 1995 CCDBG have been adjusted to

reflect expenditures reported on the annual federal financial reports. The next annual federal financial report (FSR-269) for 1996 CCDBG is due on December 31, 1999 for the period ending September 30, 1999. The previous reports had been prepared by using a combination of agency reports. The 1996 CCDBG report due on December 31, 1999 will be prepared using one agency report. This action will correct the audit finding by using one consistent financial source to produce the federal financial reports in the future.

## **REPORTING**

### ***Reportable Condition***

93.658 Foster Care - Title IV-E

98-34 Foster Care Program Expenditure Reports and Agency Records Should Be Accurate

### ***Response:***

MDHS/ Division of Budgets and Accounting acknowledges that the accounting interface reports did not include manual checks. We also acknowledge that a third party contractor, IHHS, submitted adjustments to expenditures and these expenditures are not reflected in our accounting records.

### ***Corrective Action Plan:***

MDHS is reviewing our records, concerning manual checks, and will submit prior quarter claim for the expenditures. On subsequent quarterly reports the manual checks will be included as part of our current quarter expenditures. In addition the expenditures reported by the third party contractor, IHHS, will be reflected in our accounting records, upon completion of adjustments to reclassify grant expenditures.

## **SUBRECIPIENT MONITORING**

### ***Reportable Condition***

93.558 Temporary Assistance for Needy Families  
93.575 Child Care and Development Block Grant  
93.596 Child Care Mandatory Matching Funds of the Child Care and Development Fund  
93.667 Social Services Block Grant

98-35      Controls Should be Strengthened for Monitoring Subrecipient Audit Requirements

*Response:*

MDHS/ Division of Program Integrity concurs with the finding.

*Corrective Action Plan:*

- a.      The Mississippi Department of Human Services will continue its efforts to improve internal controls over monitoring subrecipients to ensure SUBRECIPIENT audits are received in a timely manner and in accordance with current federal audit requirements.

To facilitate this process, the Agency will implement the following procedures:

1.      Revise all new subgrants effective October 1, 1999, to include: (1) the SUBRECIPIENT's fiscal year-end date and organization type; (2) assurance that the SUBRECIPIENT will submit the MDHS-SUBRECIPIENT Audit Information Form within ninety (90) days from the end of the SUBRECIPIENT's fiscal year; and (3) assurance that the SUBRECIPIENT will submit the audit within nine (9) months from the end of the SUBRECIPIENT's fiscal year, if an audit is required.
2.      Revise the MDHS Subgrantee/Contractor Manual effective October 1, 1999, to describe policies and procedures requiring each subgrant to identify the SUBRECIPIENT's fiscal year-end date and organization type; update the Standard Assurances to include the assurances related to the audit requirements; and, include the MDHS SUBRECIPIENT Audit Information Form and procedures for its use.
3.      Issue a written reminder to each SUBRECIPIENT emphasizing the audit requirements and the approaching deadline for submission of the audit report, if required, based on information submitted by the SUBRECIPIENT on the MDHS SUBRECIPIENT Audit Information Form. A&E is on schedule for the first reminder letter for FY 1998 audits to be sent no later than May 1, 1999, which is three months prior to the earliest deadline for submitting an audit which is applicable to fiscal years that ended June 30, 1998. To



further prevent recurrence of this finding, A&E will send a second reminder letter no later than July 1, 1999, which is one month prior to the earliest deadline for submitting an audit for FY 1998 which is July 31, 1999.

4. Identify any subrecipients that have not submitted the required audit report or the MDHS SUBRECIPIENT Audit Information Form by the due date and send a letter advising the SUBRECIPIENT of the audit requirements and demanding the SUBRECIPIENT to comply with the MDHS Subgrantee Audit Policy by submitting either the required audit report or the MDHS SUBRECIPIENT Audit Information Form to document that an audit is not required.
  5. Revise its audit review procedures beginning with FY 1998 audits reviewed after April 1, 1999, to establish the deadline at six months from the date the audit is received by A&E. If the review of the audit indicates the audit is incomplete or if the audit is rejected, then the deadline will be six months from the date the complete revised audit report is received by A&E.
- b. The name of the contact person responsible for the corrective action:
- Robert P. Moore, Director of the Bureau of Audit and Evaluation
- c. The anticipated completion dates for the corrective action:
1. The changes to new subgrant agreements will be implemented for any subgrants beginning October 1, 1999. The changes to the MDHS Subgrantee/Contractor Manual will also be effective October 1, 1999.
  2. The first reminder letter for FY 1998 audits will be sent no later than May 1, 1999, which is three months prior to the earliest deadline for submitting an audit for fiscal years that ended June 30, 1998. A&E will send a second reminder letter no later than July 1, 1999, which is one month prior to the earliest deadline for submitting an audit for FY 1998.
  3. Effective April 1, 1999, any SUBRECIPIENT audit findings identified during the audit review procedures performed by the

Bureau of Audit and Evaluation will be assigned to the appropriate MDHS funding division for resolution, with the resolution deadline established at the date six months from the date the audit was received by the Bureau of Audit and Evaluation.

## **SPECIAL TEST AND PROVISIONS**

### **Reportable Condition**

93.563 Child Support Enforcement

98-37 Internal Controls over METSS Bank Accounts Should be Improved

#### *Response:*

- METSS Bank Reconciliation

MDHS/ Division of Budgets and Accounting concurs with the finding, but takes exception to the implication that no corrective action has been taken. MDHS implemented procedures in January, 1998 to reconcile the METSS Bank Account (999 account on the books) to the physical METSS bank account located at Deposit Guaranty National Bank. This was to ensure the EFT's made from the county bank accounts agree with the amounts transferred into the METSS state office account.

We have gone back to the inception of the METSS 999 Bank Account in doing this reconciliation. This reconciliation is being done on a monthly basis.

- Separation of Duties in State Office

MDHS does not concur with this finding. We implemented procedures in FY '98 where the Accounts Receivable Manager/Supervisor began monitoring the PAT system used to process all the EFT's from the county bank accounts to the state office METSS Bank Account. Prior to September, 1998, the Accounts Receivable supervisor was randomly generating an Audit Trail Report from the PAT System. This report reflected any new accounts set up, changes to existing accounts, accounts deleted, transferred, etc. This report was reviewed for irregularities and maintained by the Accounts Receivables supervisor.

Effective September, 1998 the Treasury Management System replaced the PAT System. The Accounts Receivable Manager is reviewing/approving the EFT printout. The Treasury Management System denotes on the EFT printout any new accounts set-up, changes to existing accounts, accounts deletion, transfers, etc. The Treasury Management System reports this by means of pre-notes.

- METSS System Reconciliation

MDHS does not concur with this finding. A reconciliation between METSS - EFT Recovery data to that of SAAS was done for the April-June 1998 quarter. The reconciliation reflected that the data from both sources were the same. Procedures have been put in place to reconcile METSS EFT data to State Treasury to that of SAAS agency accounting records. Since there is only a remote possibility of the two sources not agreeing, we are of the opinion that this reconciliation should be done one month out a quarter.

## INSTANCES OF NONCOMPLIANCE

### ALLOWABLE COSTS / COST PRINCIPLES

#### *Immaterial Noncompliance*

93.658 Foster Care - Title IV-E

Questioned Costs: \$1,056,918

98-28 Contingency Based Costs Are Not Allowable

#### *Response:*

MDHS acknowledges that payments to the third party contractor for retroactive eligibility determinations were based on a percentage of federal funds recovered as a result of the services rendered and are unallowable.

#### *Corrective Action Plan:*

MDHS will submit the necessary adjustments to the accounting system and charge state funds for the payments to the third party contractor. The quarterly Financial Status Report (SF-269) will then reflect the decreasing adjustment of federal

expenditures and reimburse the federal grantor.

## **ALLOWABLE COSTS / COST PRINCIPLES**

### ***Immaterial Noncompliance***

93.558	Temporary Assistance for Needy Families
93.563	Child Support Enforcement
93.575	Child Care and Development Block Grant
93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund
93.658	Foster Care - Title IV-E
93.667	Social Services Block Grant

Questioned Costs: \$0

98-29      Cost Allocation Plan Should Be Amended Timely

#### ***Response:***

MDHS/Division of Budgets and Accounting acknowledges that costs were charged to cost pools that had not been approved by the federal government.

#### ***Corrective Action Plan:***

A thorough analysis of the cost pools in question was recently completed. The cost pools that are to be part of the MDHS cost allocation plan have been submitted to the federal government for approval.

## **REPORTING**

### **Immaterial Non-Compliance**

93.563	Child Support Enforcement
98-32	<u>Adjustments to OCSE-34 Report Should be Supported</u>

#### **Response:**

As noted in this finding for the 1997 Single Audit, effective June, 1998 METSS began generating a report quarterly identifying the detail to support Line 3, Adjustment of the OCSE-34 quarterly report. Due to the timing of this finding, the June quarterly report contained incomplete documentation. We noted that detailed information would be available for the quarter ending September 30, 1998. The detailed report is sorted by major program types (a) Current IV-A Assistance, (b) Current IV-E Assistance (c) Former Assistance and (d) Never Assistance that are reported on the OCSE-34 quarterly. The Adjustment detail report is being maintained by the Accounts Receivable Unit. The data that support all other amounts included on the OCSE-34 are obtainable from METSS upon request. As stated previously the volume of the data reported on the OCSE-34 is extremely high.

## **SPECIAL TESTS AND PROVISIONS**

### ***Immaterial Noncompliance***

93.563 Child Support Enforcement

Questioned Costs: \$0

98-36 Agency Should Follow Established Policies for the Child Support Enforcement Program

- Establishment of Support Orders

Response:

MDHS acknowledges the finding concerning the timeliness of establishing support orders.

Corrective Action Plan:

The Division of Child Support Enforcement utilizes a system of self-assessment within the counties to monitor performance in this area. Training coordinators throughout the state have been instructed to provide specific training directed at increasing the efficiency rate for this performance criteria.

- Enforcement of Support Orders

Phil Bryant  
April 8, 1999  
Page 10

Response:

MDHS does not concur with the finding. Based on the Division of Child Support Enforcement's review of the test work performed by the agency's Bureau of Audit and Evaluation, the county compliance rate is 81.62%, which exceeds the federal benchmark standard of 75%.

Corrective Action Plan:

No corrective action should be taken.

- Health Insurance

Response:

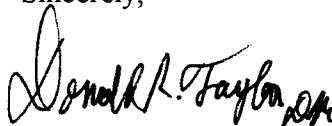
MDHS does not concur with the finding. Based on the Division of Child Support Enforcement's review of the test work performed by the agency's Bureau of Audit and Evaluation, the county compliance rate is 79.31%, which exceeds the federal benchmark standard of 75%.

Corrective Action Plan:

No corrective action should be taken.

If there are any questions concerning the audit responses, please contact Sandra Maddox at 359-4690.

Sincerely,



Donald R. Taylor  
Executive Director

DRT:SM:sm



**STATE OF MISSISSIPPI**

OFFICE OF THE GOVERNOR  
DIVISION OF MEDICAID

HELEN WETHERBEE, J.D., M.P.H.  
EXECUTIVE DIRECTOR

**SINGLE AUDIT FINDINGS**

Phil Bryant, State Auditor  
Office of the State Auditor  
State of Mississippi  
P.O. Box 956  
Jackson, MS 39205-0956

April 15, 1999

Dear Mr. Bryant:

Your letter of March 26, 1999 presented the Single Audit Findings for the Office of the Governor - Division of Medicaid (DOM) for the Fiscal Year 1998. Our replies to the specific findings are noted in the responses and corrective action plans that follow:

**AUDIT FINDINGS:**

**CFDA Number 93.778 Medical Assistance Program**

**ACTIVITIES ALLOWED OR UNALLOWED**

**Reportable Condition**

**98-17 Internal Controls over Computer Maintenance and Enhancement Requests Should Be Strengthened**

**Response:** We concur.

**Corrective Action Plan:** The DOM has worked diligently to resolve the Computer Service Request (CSR) backlog. We continuously perform reviews of all open CSRs revising as necessary to best meet the needs of the Division by extending due dates, canceling CSRs, and combining multiple CSRs where feasible. Delinquent CSRs are reported in the contract monitoring report monthly.

The DOM has strict internal monitoring controls in place to ensure CSR work is performed. The Systems Information Division of the Office of the Governor - Division of Medicaid conducts

internal Medicaid Management Information System (MMIS) team meetings weekly to discuss CSR statuses and the scope of CSR work. The fiscal agent systems manager is invited to this meeting. DOM conducts weekly Systems and Policy Review meetings to discuss CSRs and their relation to DOM policy and the MMIS. All DOM/fiscal agent correspondence is also discussed. The fiscal agent is invited to this meeting. The CSR tracking system includes extensive checks and balances to ensure CSRs are not "lost" by using an array of sign off checklists, statuses, and reports. The only statuses that are not monitored regularly are "closed" and "canceled." The MMIS claims and contract monitoring team has been relocated to the fiscal agent's offices. This has increased "hands on" monitoring and accessibility of a key MMIS team.

All the internal controls listed above still cannot make the fiscal agent do the CSR work timely. All DOM can do is continually identify late CSRs and sanction the fiscal agent for not performing according to the contract. Late CSRs are identified in the monthly contract management report. Sanctions for late CSRs were imposed of the June reporting period for \$75,000. In addition, a \$50,000 sanction for the April 1998 reporting period was imposed for incorrect payment of claims. DOM has already imposed one sanction for fiscal year 1999 in the amount of \$100,000 for late CSRs for the August 1998 reporting period.

DOM will continue to diligently monitor the CSRs, work with the fiscal agent to encourage timely completion of CSRs, and when necessary, sanction the fiscal agent.

#### **CFDA Number 93.778 Medical Assistance Program**

#### **ACTIVITIES ALLOWED OR UNALLOWED**

#### **Reportable Condition**

#### **Internal Controls over Provider Rate and Claims Adjustments Should Be Improved** 98-21

**Response:** We concur. After last year's audit findings, the DOM Reimbursement Division instituted a method by which they would report to the fiscal agent any outstanding Provider Rate and Claims Adjustments over thirty days old. After the first report was forwarded to the fiscal agent in June 1998, the DOM was asked to hold any other reports until the first one had been completed. The first report was not completed until January 1999, after which the DOM was called and asked for another report. However, the log had not been updated due to illness and other duties by the log keeper.

**Corrective Action Plan:** Beginning immediately, logs will be forwarded to the fiscal agent every thirty days or as needed so that the fiscal agent and the DOM will be aware of any outstanding Provider Rate and Claims Adjustments. In addition, the review and approval process will take place as the adjustment are returned.



**CFDA Number 93.778 Medical Assistance Program**

**SPECIAL TESTS AND PROVISIONS**

**Reportable Condition**

**Internal Controls over Desk Reviews and Audits Should Be Strengthened** 98-20

**Response:** In reference to the fact that only 17 of the 47 required nursing home audits were completed: When the Division of Medicaid took over the audit function on October 1, 1998, the fiscal agent retained all audit files in process. Currently, all field work for the audits has been completed. The only work remaining is the review of audit work papers and transmission of the audits. One additional audit has been transmitted since the State Auditors' review. The fiscal agent plans to complete the remainder of the audits.

Regarding the fact that only 72 of the 120 required TPL hospital audits had been performed: Medicaid Agency management agreed to the completion of the 72 sampled hospitals for the fiscal year 1998 audit period.

**Corrective Action Plan:** Internal controls are strengthened by the Medicaid Agency assuming the audit function on October 1, 1998.

**CFDA Number 93.778 Medical Assistance Program**

**ACTIVITIES ALLOWED OR UNALLOWED**

**Immaterial Noncompliance**

**Rate setting Data Sheets for Inpatient Hospitals Should Be Accurate** 98-19

**Response:** We concur. In the error for Methodist Hospital of Memphis, the hospital created a special worksheet for Title XIX use only. This worksheet was numbered and appeared exactly like the worksheet the desk reviewer would use. The only difference was the subtitle. In this special worksheet, the education costs were included where normally they would not be included. The result was the overstatement of the education costs.

**Corrective Action Plan:** Beginning in October 1998 DOM Reimbursement Division took over the desk review function from the fiscal agent. As a result someone who has an in-depth knowledge of the program will conduct the final review of the desk review. This will avoid problems which have occurred in the past due to the frequent turnover at the fiscal agent. Also, the Reimbursement Division is in the process of creating a working database which will

Phil Bryant  
Page 4  
April 14, 1999

highlight unusual problems that may need special attention during desk review.

I hope you will find these responses satisfactory. We will be happy to provide any additional information or materials you determine necessary. I very much appreciate your assistance to the staff of the Division of Medicaid and assure you we will make every effort to avoid a recurrence of these findings.

Sincerely,

A handwritten signature in cursive script that reads "Helen Wetherbee".

Helen Wetherbee, J.D., M.P.H.,  
Executive Director, Division of Medicaid  
Office of the Governor



98-13      **CFDA Number 93.959**      Block Grants for Community Mental Health Services

## MATCHING, LEVEL OF EFFORT, EARMARKING

Response: We agree with this finding. This is a new finding this year, and is due to DMH failure to specifically identify those programs that provide HIV services in subgrantee awards.

98-14      **CFDA Number 93.959**      Block Grants for Prevention and  
Treatment of Substance Abuse

### PERIOD OF AVAILABILITY OF FEDERAL FUNDS

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Mr. Phil Bryant, State Auditor  
April 8, 1999

page 3

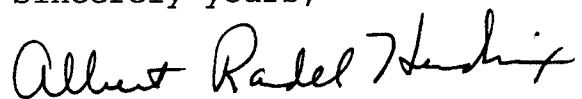
Response: We agree with this finding. This is a repeat finding from the prior year, and corrective action was taken during the year just audited.

Corrective Action Plan: As mentioned in your letter, DMH began specifying the year of Federal funding used to fund a subgrant with Federal funds awarded for the year that began October 1, 1997 and ended September 30, 1998. DMH has until September 30, 1999 to expend these funds, assuming that allocation is done on or before September 30, 1998. DMH fully allocated all SAPT funds on or before September 30, 1998, meeting the allocation deadline, and will not reimburse any subgrantees for any grant expenditures that occur on or after September 30, 1999.

Your recommendation concerning the "year 2000 issue" is appreciated. We understand your audit could not and did not provide any assurance that the Department of Mental Health is or will be year 2000 ready. However, all critical operations are already year 2000 compliant, and those few PC's that we have that are not year 2000 compliant are scheduled to be made compliant between now and the end of the year.

We appreciate the courtesy and genuine interest in helping us do our jobs better exhibited by the staff assigned to our audit. Your audit staff are keenly interested in helping state agencies do their jobs better, and we appreciate their assistance. They represent your office very well.

Sincerely yours,



Albert Randel Hendrix, Ph.D.  
Executive Director

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**State of Mississippi**  
**DEPARTMENT OF REHABILITATION SERVICES**

**SINGLE AUDIT (COMPLIANCE) FINDINGS**

April 6, 1999

Phil Bryant, State Auditor  
Office of the State Auditor  
P.O. Box 956  
Jackson, MS 39205-0956

Dear Mr. Bryant:

The Mississippi Department of Rehabilitation Services is pleased to respond to the following Compliance findings resulting from the single audit performed by your Office for State Fiscal Year 1998:

**AUDIT FUNDINGS**

**CFDA Number 84.126 Rehabilitation Services – Vocational Rehabilitation Grants to States**  
**CFDA Number 96.001 Social Security – Disability Insurance**

**ALLOWABLE COSTS / COST PRINCIPLES**

**98-38 Procedures Should Be Developed to Adequately Support Salary and Wage Costs**

**Response**

The Mississippi Department of Rehabilitation Services will develop procedures to adequately support salary and wage costs.

**Corrective Action Plan:**

The Department has initiated discussions with the federal grantor agency to establish the parameters within which distribution of salary costs can be accomplished to the satisfaction of the grantor. Upon receiving guidance from the grantor, the Department will proceed to implement the agreed upon procedures to support the distribution of salary and wage costs. It should be noted that the Department is currently being migrated to the State's new payroll system (SPAHRs) which has the capability to distribute salary costs to multiple accounting classifications. This capability did not exist in the State's old payroll system. This system change should allow the Department to efficiently distribute costs.

**CFDA Number 84.126 Rehabilitation Services – Vocational Rehabilitation Grants to States**

**SPECIAL TESTS AND PROVISIONS**

**98-39 Case Files Should Contain Adequate Support for Comparable Services and Benefits**

**Response:**

The Mississippi Department of Rehabilitation Services will take positive and effective actions to ensure that the case files for the VR Program include adequate support to document counselor actions in determining whether comparable services and/or benefits exist under any other program and whether these services and/or benefits are available to the individual.

**Corrective Action Plan:**

A review of our policies and procedures reveals that they are adequate; however, a renewed emphasis in this area is warranted. The Agency will employ the following means in order to enhance case documentation in this area:

1. Include comparable benefit documentation as part of agency training,
2. Instruct District Managers to immediately address this topic with their counselor in District Meetings,
3. Initiate a field communication reminding staff to review procedures and policies in this area,
4. Instruct District Managers to include a "focus" on comparable benefits as a part of monthly case reviews.

The Agency is also developing a new computerized casework system that will contain a pop-up menu of common comparable benefits that the counselor should research. Comparable benefits must be addressed as part of the new Individualized Plan for Employment, which must be signed by the counselor and the client.

Should you have any questions regarding the Response or Corrective Action Plan, please feel free to contact Mr. Pery Winegarden, Director of Financial Management, at 853-5220.

Sincerely,



H. S. McMillan  
Executive Director





STATE OF MISSISSIPPI  
TREASURY DEPARTMENT

MARSHALL BENNETT  
STATE TREASURER

POST OFFICE BOX 138  
JACKSON, MISSISSIPPI 39205  
TELEPHONE (601) 359-3600

February 19, 1999

Mr. Phil Bryant  
State Auditor  
State of Mississippi  
P. O. Box 956  
Jackson, MS 39205-0956

Re: Response and Plan for FY 1998 Financial Audit Finding

Dear Mr. Bryant:

We have reviewed the financial audit in reference to our fiscal year 1998 audit. Listed below are our responses and plans for corrective action.

AUDIT FINDING:

Maintain an adequate Warrant Reconciliation System 98-11

RESPONSE:

We concur with this finding.

CORRECTIVE ACTION PLAN:

During FY 99 the State Treasurer's office purchased a new Warrant Reconciliation System from a vendor for the investment and collateral systems. The Treasury IBM System 36 had a "year 99" problem as well as a "year 2000" problem. With the purchase of this new system from Q.E.D. these problems have been eliminated. The new Warrant Reconciliation system has a detailed operations manual, and as part of the service, upgrades are continually installed and systems are

monitored periodically by the vendor. Furthermore, the new system gives us much tighter control over day to day operations with more detailed balancing and reporting procedures. We are currently running the Q.E.D. parallel with the System 36, and once all the test work is completed, we will go live with the new warrant processing system in March 1999.

Sincerely,

A handwritten signature in black ink, appearing to read "Marshall Bennett". The signature is fluid and cursive, with a prominent initial "M" and a stylized "B".

Marshall Bennett  
State Treasurer



**MISSISSIPPI  
DEPARTMENT OF WILDLIFE, FISHERIES AND PARKS**

**SAM POLLES, Ph.D.  
Executive Director**

**FINANCIAL AUDIT FINDINGS**

Phil Bryant, State Auditor  
Office of the State Auditor  
State of Mississippi  
P. O. Box 956  
Jackson, MS 39205-0956

Dear Mr. Bryant:

We are pleased to receive the Financial Audit Findings from the Office of the State Auditor for the Mississippi Department of Wildlife, Fisheries and Parks for the Fiscal Year 1998.

**AUDIT FINDINGS:**

**Agency should Document Changes to Computer File Tables** 98-08

**Response:** We concur with this finding.

**Corrective Action Plan:** As of January 19, 1999, the agency was in compliance.

**Reports of Unauthorized Access Attempts are not Produced** 98-09

**Response:** We concur with this finding.

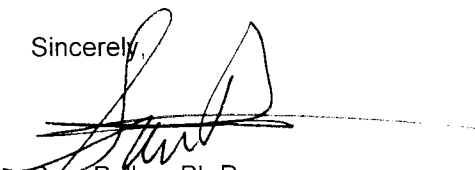
**Corrective Action Plan:** As of January 19, 1999, the agency was in compliance.

**Licensing Revenue Software is not Year 2000 Compliant** 98-10

**Response:** We concur with this finding.

**Corrective Action Plan:** We are currently working to resolve this finding.

Sincerely,

  
Sam Polles, Ph.D.  
Executive Director

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## IV. INDICES



## STATE OF MISSISSIPPI

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### INDEX OF FEDERAL AWARD FINDINGS AND QUESTIONED COSTS LISTED BY FEDERAL DEPARTMENT FOR THE YEAR ENDED JUNE 30, 1998

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1. Office of National Drug Control Policy: None
2. U.S. Department of Agriculture: Pages 63-65
3. U.S. Department of Commerce: None
4. U.S. Department of Defense: None
5. U.S. Department of Housing and Urban Development: Pages 67-68
6. U.S. Department of the Interior: None
7. U.S. Department of Justice: None
8. U.S. Department of Labor: None
9. U.S. Department of Transportation: None
10. Appalachian Regional Commission: None
11. U.S. General Services Administration: None
12. National Foundation on the Arts and the Humanities: None
13. Tennessee Valley Authority: None
14. U.S. Department of Veterans Affairs: None
15. U.S. Environmental Protection Agency: None
16. U.S. Department of Energy: None
17. Federal Emergency Management Agency: None
18. U.S. Department of Education: Pages 69-74
19. National Archives and Records Administration: None
20. U.S. Department of Health and Human Services: Pages 75-97
21. Corporation for National and Community Service: None
22. Social Security Administration: Pages 99-100

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STATE OF MISSISSIPPI

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INDEX OF FINDINGS AND RECOMMENDATIONS  
LISTED BY STATE AGENCY  
FOR THE YEAR ENDED JUNE 30, 1998

---

1. Agriculture and Commerce: None
2. Animal Health: None
3. Archives and History: None
4. Arts Commission: None
5. Attorney General: None
6. Board for Community and Junior Colleges: None
7. Corrections: None
8. Economic and Community Development: Page 67
9. Education: Page 69
10. Educational Television: None
11. Emergency Management: None
12. Employment Security: Page 51
13. Environmental Quality: None
14. Finance and Administration: Page 55
15. Forestry Commission: None
16. Health: Pages 63, 75
17. Human Services: Page 77
18. Library Commission: None
19. Marine Resources: None
20. Medicaid: Page 89
21. Mental Health: Page 95
22. Military Department: None
23. Narcotics: None
24. Oil and Gas Board: None
25. Plant Industry: None
26. Public Safety: None
27. Public Service Commission: None
28. Rehabilitation Services: Pages 72, 99
29. Supreme Court: None
30. Transportation: None
31. Treasury: Page 57
32. Veterans Affairs Board: None
33. Wildlife, Fisheries and Parks: Page 59

***Note: If findings and recommendations related to an agency appear on more than one page in a sequence, only the first page is indicated in the above reference.***



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STATE OF MISSISSIPPI

INDEX OF FINDINGS AND RECOMMENDATIONS  
LISTED BY FINDING NUMBER  
FOR THE YEAR ENDED JUNE 30, 1998

<u>FINDING NUMBER</u>	<u>PAGE NUMBER</u>	<u>STATE AGENCY NAME</u>
98-01	51	Employment Security
98-02	52	Employment Security
98-03	53	Employment Security
98-04	55	Finance and Administration
98-05	55	Finance and Administration
98-06	56	Finance and Administration
98-07	None	(Not Used)
98-08	59	Wildlife, Fisheries, and Parks
98-09	59	Wildlife, Fisheries, and Parks
98-10	60	Wildlife, Fisheries, and Parks
98-11	57	Treasury
98-12	95	Mental Health
98-13	96	Mental Health
98-14	97	Mental Health
98-15	63,75	Health
98-16	None	(Not Used)
98-17	89	Medicaid
98-18	None	(Not Used)
98-19	91	Medicaid
98-20	93	Medicaid
98-21	92	Medicaid
98-22	None	(Not Used)
98-23	69	Education
98-24	70	Education
98-25	71	Education
98-26	67	Economic and Community Development
98-27	68	Economic and Community Development
98-28	77	Human Services
98-29	78	Human Services
98-30	79	Human Services
98-31	80	Human Services
98-32	81	Human Services
98-33	82	Human Services
98-34	83	Human Services
98-35	84	Human Services
98-36	86	Human Services
98-37	87	Human Services
98-38	72, 99	Rehabilitation Services
98-39	73	Rehabilitation Services

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## STATE OF MISSISSIPPI

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### INDEX OF MANAGEMENT'S RESPONSE AND CORRECTIVE ACTION PLAN LISTED BY STATE AGENCY FOR THE YEAR ENDED JUNE 30, 1998

---

1. Agricultural and Commerce: None
2. Animal Health: None
3. Archives and History: None
4. Arts Commission: None
5. Attorney General: None
6. Board for Community and Junior Colleges: None
7. Corrections: None
8. Economic and Community Development: Page 123
9. Education: Page 127
10. Educational Television: None
11. Emergency Management: None
12. Employment Security: Page 131
13. Environmental Quality: None
14. Finance and Administration: Pages 135 and 137
15. Forestry Commission: None
16. Health: Page 139
17. Human Services: Page 141
18. Library Commission: None
19. Marine Resources: None
20. Medicaid: Page 151
21. Mental Health: Page 155
22. Military Department: None
23. Narcotics: None
24. Oil and Gas Board: None
25. Plant Industry: None
26. Public Safety: None
27. Public Service Commission: None
28. Rehabilitation Services: Page 159
29. Supreme Court: None
30. Transportation: None
31. Treasury: Page 161
32. Veterans Affairs Board: None
33. Wildlife, Fisheries, and Parks: Page 163

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## V. ACKNOWLEDGMENTS



## **ACKNOWLEDGMENTS**

### **REPORT PREPARED BY:**

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**Norman McLeod, CPA, Director, Department of Audit**  
**Ramona Hill, CPA, Director, Financial and Compliance Audit Division**  
**William R. Doss, CPA, Director of Agency Audit Section**

Many thanks to the following managers, supervisors and field staff of the Office of the State Auditor for their efforts in gathering information contained in this Single Audit Report:

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Special thanks to Jacqueline Thomas for her efforts in processing this report

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